

# **TOTVS S.A.**

Condensed individual and consolidated Interim Financial Statements  
as of and for the three-months periods ended March 31, 2022

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# Consolidated Operating and Financial Performance

Consolidated Result (in R\$ thousand)	1Q22	1Q21	Δ	4Q21	Δ
<b>Net Revenue</b>	<b>981,139</b>	<b>720,256</b>	<b>36.2%</b>	<b>920,694</b>	<b>6.6%</b>
Management Revenue	828,666	660,265	25.5%	760,215	9.0%
Business Performance Revenue	69,841	4,377	>999%	68,643	1.7%
Techfin Revenue	82,632	55,614	48.6%	91,836	(10.0%)
<b>Consolidated Contribution Margin</b>	<b>508,191</b>	<b>392,034</b>	<b>29.6%</b>	<b>483,226</b>	<b>5.2%</b>
Management Contribution Margin	450,619	359,463	25.4%	403,692	11.6%
Biz Performance Contribution Margin	33,301	1,499	>999%	35,696	(6.7%)
Techfin Contribution Margin	24,271	31,072	(21.9%)	43,838	(44.6%)
<b>% Consolidated Contribution Margin</b>	<b>51.8%</b>	<b>54.4%</b>	<b>-260 bp</b>	<b>52.5%</b>	<b>-70 bp</b>
% Management Contribution Margin	54.4%	54.4%	0 bp	53.1%	130 bp
% Biz Performance Contribution Margin	47.7%	34.2%	1350 bp	52.0%	-430 bp
% Techfin Contribution Margin	29.4%	55.9%	-2650 bp	47.7%	-1830 bp
<b>Sales and Marketing Expenses</b>	<b>(184,336)</b>	<b>(129,167)</b>	<b>42.7%</b>	<b>(170,117)</b>	<b>8.4%</b>
<b>Adjusted G&amp;A Expenses</b>	<b>(100,552)</b>	<b>(72,870)</b>	<b>38.0%</b>	<b>(92,654)</b>	<b>8.5%</b>
<b>Equity Pickup</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjusted EBITDA</b>	<b>223,310</b>	<b>189,997</b>	<b>17.5%</b>	<b>220,455</b>	<b>1.3%</b>
Adjusted EBITDA Margin	22.8%	26.4%	-360 bp	23.9%	-110 bp

## Net Revenue

The consolidated Net Revenue grew 36% year-over-year and 6.6% in the quarter, reaching a level of R\$981 million in 1Q22, and the following facts are worth highlighting: (i) 25% year-over-year growth in the Management Net Revenue, driven by the growth of 27% of Recurring Revenue and the historical performance of the Corporate Model; (ii) consolidation of RD Station as of June 2021 in the Business Performance dimension; and (iii) Techfin Revenue, which grew 49% year-over-year. It is worth mentioning that, in addition to the important result of the Management License Revenue in the quarter, the new locomotives continue to drive the Company's growth (SaaS Management added to Business Performance and Techfin), representing 33% of the Net Revenue for the quarter.

## Adjusted EBITDA

The Adjusted EBITDA ended the quarter at R\$223 million and the EBITDA Margin at 22.8%, 110 basis points lower than 4Q21 and 360 basis points lower than 1Q21. This reduction in the EBITDA Margin, in particular compared to 1Q21, is mainly explained for the collective bargaining agreement effect on the Management Contribution Margin in 2021 versus 2022. In this case, 1Q21 benefited from the application of a relatively low collective bargaining agreement, which reflected the benign inflationary period at the peak of the pandemic. In 1Q22, an adjustment was applied that reflects the strong inflationary high in 2021, resulting in a percentage increase almost 2.3 times greater. In the course of 2022, especially in the second half of the year, this collective bargaining agreement will be duly diluted. On a smaller scale, we also had

seasonal reductions in Business Performance and Techfin Contribution Margins, which will be explained in the appropriate sections.

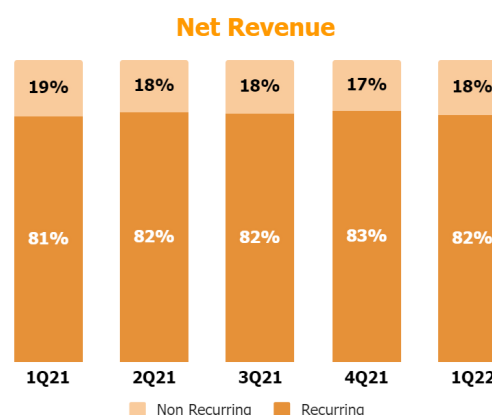
## Management dimension results

The Management dimension is largely composed of the vision called until 1Q21 as "Technology Result", excluding the solutions that have become part of the Business Performance dimension and the new Techfin products. The Management results for the quarter have also been including Inovamind since January and Mobile2You since February, both of them are companies acquired by Dimensa in the quarter.

Management Result (in R\$ thousand)	1Q22	1Q21	Δ	4Q21	Δ
<b>Net Revenue</b>	<b>828,666</b>	<b>660,265</b>	<b>25.5%</b>	<b>760,215</b>	<b>9.0%</b>
Recurring	676,630	534,431	26.6%	629,119	7.6%
Non Recurring	152,036	125,834	20.8%	131,096	16.0%
Licenses	80,751	59,122	36.6%	54,185	49.0%
Services	71,285	66,712	6.9%	76,911	(7.3%)
Costs	(231,257)	(182,882)	26.5%	(219,413)	5.4%
<b>Gross Profit</b>	<b>597,409</b>	<b>477,383</b>	<b>25.1%</b>	<b>540,802</b>	<b>10.5%</b>
Gross Margin	72.1%	72.3%	-20 bp	71.1%	100 bp
Research and Development	(140,126)	(113,064)	23.9%	(134,728)	4.0%
Provision for Expected Credit Losses	(6,664)	(4,856)	37.2%	(2,382)	179.8%
<b>Management Contribution Margin</b>	<b>450,619</b>	<b>359,463</b>	<b>25.4%</b>	<b>403,692</b>	<b>11.6%</b>
% Management Contribution Margin	54.4%	54.4%	0 bp	53.1%	130 bp

### Net Revenue

The Management Net Revenue had two important milestones in 1Q22: (i) the historical record of organic growth of the Recurring Revenue year over year; and (ii) the highest quarterly level of License Revenue in the last 9 years, especially driven by the record-breaking history of R\$36.6 million increase in Licenses of the Corporate Model. The year-over-year performance of this line is especially related to the Distribution segments, with a growth above 40%, Educational and Construction & Projects, with a growth above 30%. Franchises also continue to perform very positively, reinforced by the consolidation movement carried out in 2021.



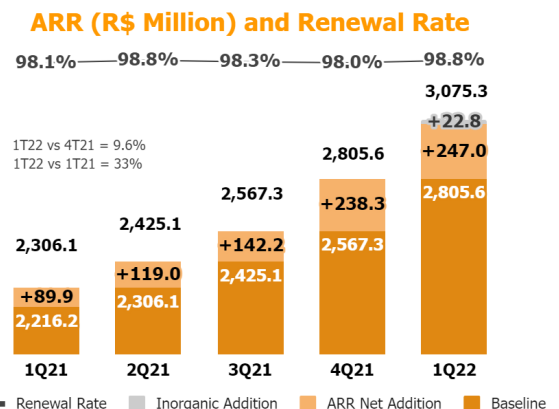
In 1Q22, the Recurring Revenue grew 27% year over year and represented 82% of total Net Revenue. The slight increase in the representativeness of non-Recurring Revenues for the quarter is especially related to the record-breaking history of increase in Licenses of the Corporate Model mentioned above.

We also highlight Dimensa's performance, which continues to move faster than planned at its launch, and ended the quarter with R\$43.2 million in revenue, a 30% growth year-over-year. Dimensa's Recurring Revenue grew 45% year-over-year, of which 30% was organic growth, and reached 89% of the total revenue of this operation.

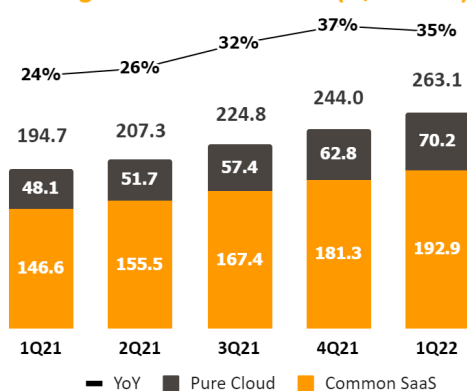
## Recurring Revenue

The Management ARR (Annual Recurring Revenue) grew 33% over 1Q21 and 9.6% over 4Q21, surpassing the R\$3 billion mark. This performance resulted from a new record-breaking ARR net addition of R\$247 million (2.7 times higher than the Net Addition in 1Q21), added to the inorganic addition of R\$22.8 million, referring to the recent acquisitions of Dimension, as shown in the chart on the right.

This significant increase in the ARR net addition was mainly possible because of the evolution of the Sales Volume, responsible for approximately 69% of the year-over-year addition, mainly reflecting: (i) the new SaaS signings, which continued to grow, reaching the highest historical level in 1Q22 and surpassing by 14% in 1Q21; and (ii) the Increase in the Recurring Revenue of the Corporate Model, responsible for approximately R\$51 million of ARR Net Addition and 91% above the value achieved in 1Q21, reflecting the strong Increase in Licenses. The Price effect, responsible for the remaining 31%, resulting from contractual adjustments and the maintenance of churn at low levels, as showed by the renewal rate of almost 99% in the quarter, also contributed to the performance of the ARR net addition in the period.



### Management SaaS Revenue (R\$ Million)



The combination of these elements: i) new SaaS signings, both in 1Q22 and in previous quarters; (ii) Pricing Power (inflation transfer capacity); and (iii) maintenance of low churn levels, led the Management SaaS Revenue to grow 35% year-over-year in 1Q22, highlighting Cloud, that grew 46% in the same period, as seen in the chart on the left.

This result, combined with the aforementioned performance of the Increase in Recurring Revenue of the Corporate Model resulted in a 27% year-over-year growth in Management Recurring Revenue in 1Q22, of which 26% are organic, exceeding the level of 24%

achieved in 4Q21.

## Non-Recurring Revenue

The Non-Recurring Revenue in 1Q22 grew 21% year-over-year, explained mainly by the increase in licenses of the Corporate Model, which reached a record-breaking amount of R\$36.6 million, with emphasis on the Franchises performance. This evolution results from the sped-up growth of customers under this modality, especially in SMB, reflecting the economic recovery of the market in 2021 after the peak of the pandemic and reinforcing the perception that our customers—on average—are more resilient than Brazilian companies.

## Gross Margin

The Management Gross Margin reached 72.1% in the quarter, 100 basis points above 4Q21, mainly because of the increase in Licenses Revenue, commented in the topic "Non-Recurring Revenues". Year-over-year, this line had a reduction of 20 basis points, especially due to collective salary adjustments, which went from a

base close to 4.5% in 1Q21 to 10.2% in 1Q22, in addition to the growth of the Cloud structure, in line with the increase in the revenue from this operation, partially offset: (i) by the growth in License Revenue; (ii) expansion of the SaaS model; and (iii) maintenance of remote deployment levels above 90%, optimizing the service margin. Considering the significant reduction in detachment - from 9.3 p.p in 2021 to 3.7 p.p in 2022 - between the inflation indices that impact revenue versus those that impact costs, the slight decline in gross margin is yet another proof of the solidity and scalability of the business model.

## Research & Development

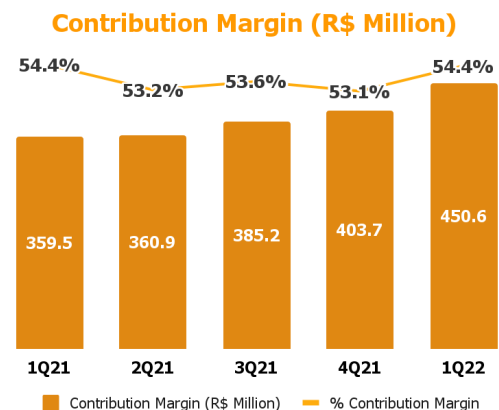
The Research and Development (R&D) expenses, as a percentage of Management Recurring Revenue, reached 20.7% in 1Q22, 50 basis points below 1Q21, mainly explained by the increase in the level of efficiency in the allocation of resources. When compared to 4Q21, the reduction of 70 basis points is explained by the 8% growth in the recurring revenue, as well as the high volume of vacation at the beginning of the year, which partially offset the collective salary adjustments in the period.

## Provision for Expected Credit Losses

The Provision for Expected Credit Losses (former Allowance for Doubtful Accounts) reached 0.8% of the Management Net Revenue in 1Q22, which is 50 basis points above 4Q21, with the latter presenting a more relevant volume of reversals of provisions recorded in previous quarters, as commented in the last quarter.

## Management Contribution Margin.

The Management Contribution Margin exceeded R\$450 million in 1Q22 and its percentage on the Management Net Revenue reached 54.4%, which is 130 basis points above the level of 4Q21 and at the same level as in 1Q21. This expansion is result of the 49% growth in License Revenue and 7.6% growth in Recurring Revenue, combined with discipline in managing costs and expenses. In view of the reduction in the detachment between inflationary indices that impact revenue versus costs, as discussed in the "Gross Margin" section, this is a result that proves the Company's ability to transform and adapt to market opportunities.



## Business Performance dimension results

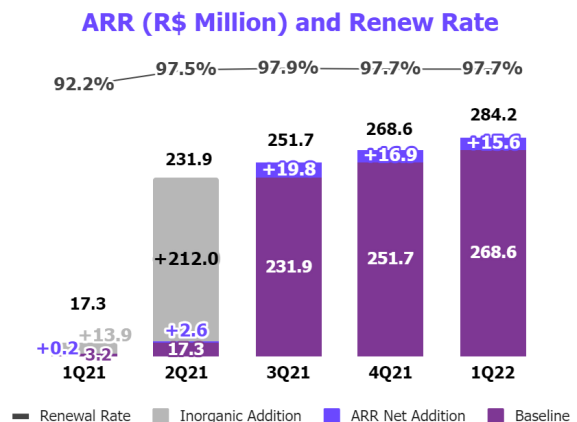
The Business Performance dimension represents the portfolio of solutions focused on increasing sales, competitiveness, and customer performance through digital marketing, sales/digital commerce, and CX-customer experience-solutions.

Biz Performance Result (in R\$ thousand)	1Q22	1Q21	Δ	4Q21	Δ
<b>Net Revenue</b>	<b>69,841</b>	<b>4,377</b>	<b>&gt;999%</b>	<b>68,643</b>	<b>1.7%</b>
Recurring	68,932	4,512	>999%	66,804	3.2%
Non Recurring	909	(135)	(773.3%)	1,839	(50.6%)
Costs	(18,541)	(2,684)	590.8%	(17,888)	3.7%
<b>Gross Profit</b>	<b>51,300</b>	<b>1,693</b>	<b>&gt;999%</b>	<b>50,755</b>	<b>1.1%</b>
Gross Margin	73.5%	38.7%	3480 bp	73.9%	-40 bp
Research and Development	(17,334)	-	-	(15,078)	15.0%
Provision for Expected Credit Losses	(665)	(194)	242.8%	19	<(999%)
<b>Biz Performance Contribution Margin</b>	<b>33,301</b>	<b>1,499</b>	<b>&gt;999%</b>	<b>35,696</b>	<b>(6.7%)</b>
% Biz Performance Contribution Margin	47.7%	34.2%	1350 bp	52.0%	-430 bp

### Net Revenue

The Business Performance Net Revenue grew 1.7% in 1Q22 versus 4Q21, driving by 3.2% growth in Recurring Revenue, making this line reach 99% of the dimension's total revenue.

ARR ended the quarter in R\$284.2 million, as shown in the chart on the right, with ARR Net Addition of R\$15.6 million. The reduction in this addition compared to 4Q21 is explained by the seasonality of customer marketing investments in the first quarter.



### Gross Margin

The Business Performance Gross Margin decelerated by 40 basis points in 1Q22 when compared to the fourth quarter of 2021, mainly explained by the seasonal decrease in Non-Recurring Revenue.

### Research & Development

Research and Development (R&D) expenses, as a percentage of this dimension's Net Revenue, went from 22% in 4Q21 to 25% in 1Q22. This growth, as commented in previous quarters, results from investments in expanding the portfolio's scope and functional depth, such as the digital marketing platform and CRM of RD Station and other Business Performance products, aiming to increase the competitive advantage and benefit from the opportunity of a market with low penetration. In addition, it is important to remember that RD is a company focused on growth via PLG (Product Led Growth), meaning continuous investment in R&D.



## **Provision for Expected Credit Losses**

The Provision for Expected Credit Losses of Business Performance reached 1% on the Net Revenue of this dimension, 40 basis points below the representativeness of this line in 2021, and as mentioned in 4Q21, RD Station continues to improve its internal processes, aiming to increase the assertiveness of this provision.

## **Business Performance Contribution Margin**

The Business Performance Contribution Margin was 47.7% in the quarter, which is 430 basis points below 4Q21, explained mainly by higher investments in R&D, as commented in the section above. As part of the strategic plan, this behavior reflects the timing and mandate of the operation focused on revenue growth, preparing the foundations to seek leadership in this market with low penetration and great growth potential. It is worth mentioning that this is already a profitable operation despite the current mandate, with very positive unit economics, which puts it at a different level and reinforces the high potential for value generation of this dimension. An example of this is RD Station's premium digital marketing product, which ended 1Q22 with an LTV/CAC (Lifetime Value / Customer Acquisition Cost) ratio of approximately 5x.

## Techfin dimension results

The Techfin dimension aims to simplify, expand, and democratize the access of TOTVS SMB customers to B2B financial services, including Supplier's business and new products (Antecipa, Consignado, Painele Financeiro, EduConnectPAY, Mais Negócios, Mais Prazo and Pagamento Instantâneo). This means that we have two operations at different stages of development: Supplier, with almost two decades of life, solid growth, and profitability; and the New Techfin Products that are fully focused on investments to build a complete portfolio and a customer base for a subsequent search for revenue and profitability.

Techfin Results (in R\$ thousand)	1Q22	1Q21	Δ	4Q21	Δ
<b>Techfin Revenue</b>	<b>82,632</b>	<b>55,614</b>	<b>48.6%</b>	<b>91,836</b>	<b>(10.0%)</b>
Funding Cost	(35,517)	(13,356)	165.9%	(27,291)	30.1%
<b>Net Funding Revenue</b>	<b>47,115</b>	<b>42,258</b>	<b>11.5%</b>	<b>64,545</b>	<b>(27.0%)</b>
Operational Costs	(5,895)	(4,869)	21.1%	(7,336)	(19.6%)
<b>Gross Profit</b>	<b>41,220</b>	<b>37,389</b>	<b>10.2%</b>	<b>57,209</b>	<b>(27.9%)</b>
Research and Development	(6,722)	(4,499)	49.4%	(7,972)	(15.7%)
Provision for Expected Credit Losses	(10,227)	(1,818)	462.5%	(5,399)	89.4%
<b>Techfin Contribution Margin</b>	<b>24,271</b>	<b>31,072</b>	<b>(21.9%)</b>	<b>43,838</b>	<b>(44.6%)</b>
% Techfin Contribution Margin	29.4%	55.9%	-2650 bp	47.7%	-1830 bp

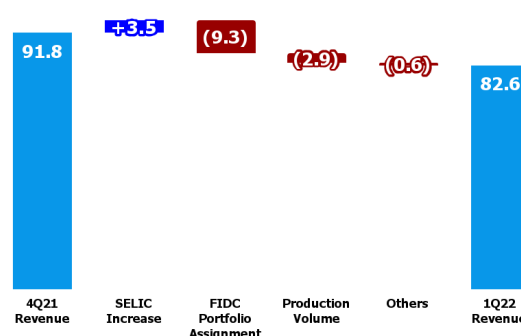
### Techfin Net Revenue

The Techfin revenue grew 49% when compared to 1Q21, mainly due to the increase in the Selic rate and the 25% growth in Credit Production in the period.

When compared to 4Q21, the 10% reduction in the Techfin Revenue is explained mainly by the following effects, as shown in the chart on the right:

- (i) a positive impact of R\$3.5 million from the increase in the Selic rate;
- (ii) a negative impact of R\$9.3 million related to the portfolio assignment to the FIDC; and
- (iii) a negative impact of R\$2.9 million due to the reduction in the volume of Credit Production for the quarter.

Techfin Revenue 4Q21 vs 1Q22



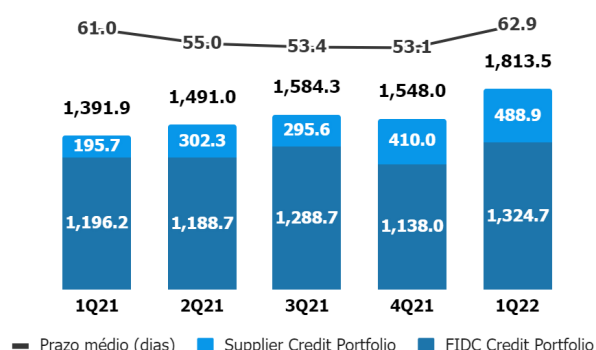
As regards the portfolio assignment to the FIDC, the negative variation is explained by: (i) the increase in the assignment rate, mainly affected by the Selic rate increase in the period; (ii) the increase in the assignment volume, aiming to optimize the use of cash and efficiency of the credit operation; (iii) and the increase in the average term of the portfolio, which increases the revenue to be appropriated from the FIDC. The recognition of this revenue is pro rata and, therefore, deferred. This deferred revenue reached the level of R\$26.3 million in the quarter, 22% above 4Q21.

The slight reduction in Techfin's Credit Production between 1Q22 and 4Q21 followed the historical behavior for the initial quarter from each year, in which is observed the production reduction. There was a different behavior in 2021 due to the atypical strong recovery from Pandemic effects in 2Q20. Such seasonality between 4Q21 and 1Q22 is mainly associated with the reduction in the production of industries, because of the collective vacation period and the agribusiness off-season.

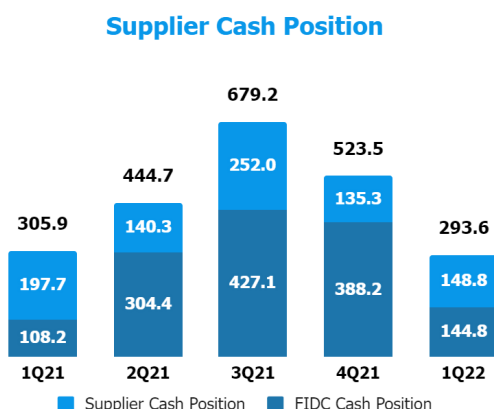
The Net Credit Portfolio of the Provision for Expected Credit Losses reached, as observed in the chart in the right, the historical level of R\$1.8 billion in 1Q22, 30% above 1Q21 and 17% above 4Q21, explained mainly by the increase in the average term from 53.1 to 62.9 days, especially in the agribusiness contracts produced at the end of 4Q21.

The representativeness of the Supplier portfolio—compared to the FIDC portfolio—was maintained at a level similar to the one of 4Q21, aiming to optimize the use of both FIDC Cash and Supplier floating. It is worth mentioning that the portfolio held at Supplier has the same profile as the credits assigned to the FIDC and, consequently, does not represent an additional risk to the subordinate shares of the FIDC held by Supplier.

### Net Credit Portfolio (R\$ Million)



### Techfin Revenue - Net of Funding



The Revenue Net of Funding was 27% lower than 4Q21. This reduction reflects the following effects: (i) 10% reduction in Techfin Revenue, as explained above; (ii) 30% increase in funding cost, with an impact of R\$ 6.4 million and which mainly results from the mismatch between the application of Selic increases in the remuneration of senior and mezzanine quotas, versus their application in the credit portfolio. This mismatch, already explained in previous quarters, will continue to occur as long as the Selic continues to rise. When it starts to fall, the reverse effect will occur. Therefore, over a longer period of time, the effects are neutral.

The creation of the Techfin JV with Itaú Unibanco will bring significant benefits to the funding topic. Not only in terms of availability, but also in terms of costs, flexibility, and therefore, efficiency, reducing considerably seasonality and mismatches, making Techfin and Supplier more profitable and competitive.

### Operating Costs

The 21% growth in Operating Costs in 1Q22, when compared with 1Q21, is explained mainly by: (i) the increase in costs related to credit insurance premiums; and (ii) the increase in cost with the support team, which was reinforced throughout the year to meet the growing number of customers of new products and

collective salary adjustments and their retroactive effects on vacation balances that grew from a base close to 4.5% in 1Q21 to 10.2% in 1Q22.

These same effects explain why the 20% reduction in this line, when compared with 4Q21, was below the 27% reduction of the Techfin Revenue Net of Funding.

## Research & Development

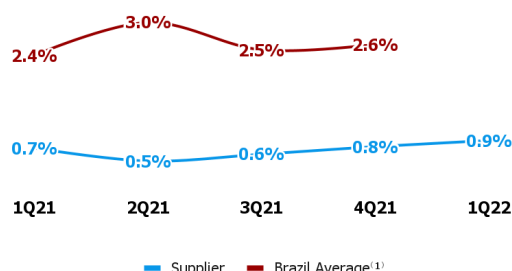
Research and Development (R&D) expenses decreased quarter-over-quarter mainly because of the higher volume of employees on vacation in the period.

## Provision for Expected Credit Losses

The Provision for Expected Credit Losses went from 0.21% of Credit Production in the 4Q21 to 0.40% in 1Q22. This higher level of Provision in the quarter mainly reflects the 33% growth in the maturing portfolio and, on a proportionately much lower scale, the 16% increase in the maturing portfolio.

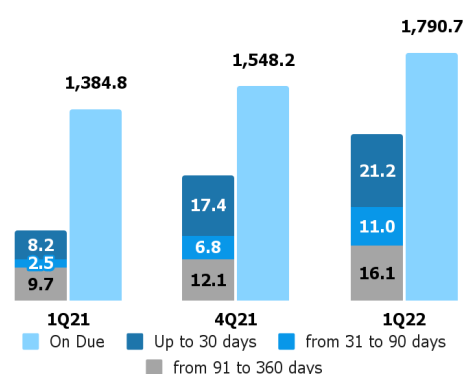
This provision increase mentioned above was not accompanied by a significant increase in the percentage of Delinquency above 90 days over the total Portfolio, as seen in the chart below.

### Delinquency Rate (% , above 90 days)



\*Source: Banco Central do Brasil ([www.bcb.gov.br/estatisticas/estatisticasmonetariascredito](http://www.bcb.gov.br/estatisticas/estatisticasmonetariascredito)) > tabelas.xls > Tabela 23 > MPMe

### Credit Portfolio Aging (R\$ Million)



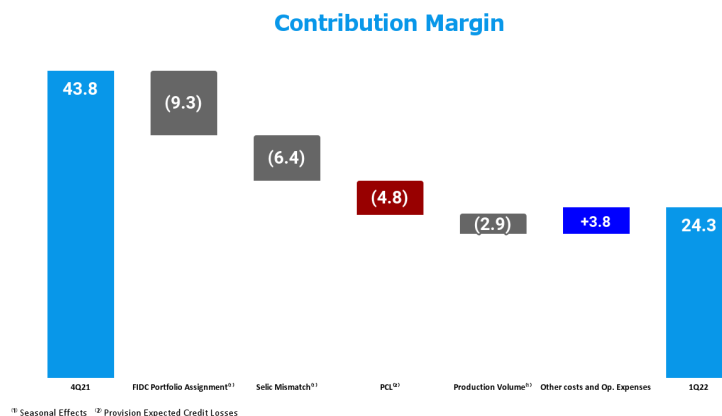
Additionally, the Company has already observed a reduction in the overdue portfolio, mainly, in the initial aging ranges, as a result of the constant adjustments in the credit limits of each affiliate, despite the 25% growth in credit production.

Finally, it is important to point out that until this moment, the volumes of effective loss have not increased. Thus, if in the coming quarters there is a reduction in the overdue portfolio and the maintenance of effective loss at current levels, there will possibly be a significant reduction in this provision.

## Techfin Contribution Margin

The Contribution Margin was negatively affected by several seasonal effects, represented in the chart on the right, referring to (i) the assignment of the portfolio to the FIDC; (ii) the mismatch between the application of Selic increases in the cost of credit versus their application in the credit portfolio; and (iii) the reduction in the volume of Credit Production in the quarter, combined with the higher level of Provision for

Losses in 1Q22. They were the main factors that led Techfin's Contribution Margin to be 45% lower than in 4Q21. During the course of 2022, most of these factors may be reversed, which will mean a return to the Contribution Margin level of 2021.



## Other Operating Expenses

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
<b>Sales and Marketing Expenses</b>	<b>(184,336)</b>	<b>(129,167)</b>	<b>42.7%</b>	<b>(170,117)</b>	<b>8.4%</b>
<i>% of Net Total Revenue</i>	<i>18.8%</i>	<i>17.9%</i>	<i>90 bp</i>	<i>18.5%</i>	<i>30 bp</i>

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
<b>Adjusted G&amp;A Expenses</b>	<b>(100,552)</b>	<b>(72,870)</b>	<b>38.0%</b>	<b>(92,654)</b>	<b>8.5%</b>
<i>% of Net Total Revenue</i>	<i>10.2%</i>	<i>10.1%</i>	<i>10 bp</i>	<i>10.1%</i>	<i>10 bp</i>
<b>G&amp;A Expenses and Others</b>	<b>(128,730)</b>	<b>(74,842)</b>	<b>72.0%</b>	<b>(101,297)</b>	<b>27.1%</b>
General and Administrative Expenses	(93,691)	(67,765)	38.3%	(87,278)	7.3%
Provision for Contingencies	(11,406)	(9,128)	25.0%	(7,346)	55.3%
Other Net Revenues (Expenses)	(23,633)	2,051	<(999%)	(6,673)	254.2%
<b>Extraordinary Items</b>	<b>28,178</b>	<b>1,972</b>	<b>&gt;999%</b>	<b>8,643</b>	<b>226.0%</b>
Earn-out Adjustment at Fair Value	24,913	-	-	18,943	31.5%
Expenses with M&A Transactions	3,265	1,972	65.6%	178	>999%
Tax Credit	-	-	-	(10,478)	(100.0%)

### Sales and Marketing Expenses

The Sales and Marketing Expenses on the Net Revenue ended the quarter at 18.8%, which is 30 basis points higher than 4Q21 due mainly to the growth in expenses with franchise commissions, driven by a significant increase in Corporate Increment and franchise sales production in the quarter.

### General and Administrative Expenses and Others

The General and Administrative Expenses ("DGA") net of the extraordinary impacts of expenses with M&A transactions ended the quarter at 9.2% on Net Revenue, which is similar to the one achieved in 4Q21, even with the collective salary adjustments and their retroactive effects on vacation and 13<sup>th</sup> salary allowances. When compared with 1Q21, the growth of 10 basis points in this entry is mainly due to the consolidation of RD Station's results.

Expenses with Provision for Contingencies ended the quarter at R\$11.4 million, reflecting mainly the revision of loss forecasts due to the progress of labor and civil lawsuits already existing from previous periods.

The line of Other Net Operating Revenues was impacted in 1Q22 by the earn-out adjustment because of call option exercise from Mauro Vulcan and Eduardo Wagner interests, the founders of Supplier, who simultaneously expanded their horizons of incentives and permanence in the operation, as a result of the creation of the Techfin Joint Venture with Itaú Unibanco.

## Below EBITDA Results

### Depreciation and Amortization Expenses

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
Depreciation	(31,018)	(26,103)	18.8%	(30,154)	2.9%
Amortization	(40,772)	(33,200)	22.8%	(40,588)	0.5%
<b>Depreciation and Amortization</b>	<b>(71,790)</b>	<b>(59,303)</b>	<b>21.1%</b>	<b>(70,742)</b>	<b>1.5%</b>

The Depreciation and Amortization lines kept the same level achieved in 4Q21 in the quarter. When compared with 1Q21, the 21% growth is explained mainly by the amortization of intangible assets and depreciation of fixed assets resulting from the acquisition of RD Station.

### Financial Result

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
Financial Revenues	77,839	7,616	922.0%	57,505	35.4%
Financial Expenses	(78,635)	(16,253)	383.8%	(56,533)	39.1%
<b>Financial Result</b>	<b>(796)</b>	<b>(8,637)</b>	<b>(90.8%)</b>	<b>972</b>	<b>(181.9%)</b>

In the year-over-year comparison, there was a change in the position from Net Debt, in 1Q21, to Net Cash in 1Q22, especially as a result of the Follow-on carried out in 3Q21 and the primary contribution of Cash received by Dimensa when B3 entered in its shareholding framework. This positive effect was offset by the interest on the debentures issued on May 21, 2021 and the adjustment to the present value of obligations for the acquisition of investments and the call option of non-controlling interest, which generated a negative financial result in the quarter.

## Income Tax and Social Contribution

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
<b>EBT</b>	<b>122,546</b>	<b>120,085</b>	<b>2.0%</b>	<b>142,042</b>	<b>(13.7%)</b>
Taxes at combined rate (34%)	(41,666)	(40,829)	2.1%	(48,293)	(13.7%)
Law 11,196/05 - R&D Incentive	5,096	4,442	14.7%	5,069	0.5%
Interest on Equity	22	-	-	26,934	(99.9%)
Effect of Different Taxation in Subsidiaries	(3,730)	(3,559)	4.8%	(2,056)	81.4%
Management Bonus	(1,017)	(466)	118.2%	(572)	77.8%
Government Subsidies	791	781	1.3%	573	38.0%
Share Issue Expenses	26	-	-	1,450	(98.2%)
Other	2,909	191	>999%	682	326.5%
<b>Income Tax and Social Contribution</b>	<b>(37,569)</b>	<b>(39,440)</b>	<b>(4.7%)</b>	<b>(16,213)</b>	<b>131.7%</b>
Current Income Tax and Social Contribution	(46,124)	(52,748)	(12.6%)	(31,141)	48.1%
Deferred Income Tax and Social Contribution	8,555	13,308	(35.7%)	14,928	(42.7%)
% Current Effective Tax Rate	37.6%	43.9%	-630 bp	21.9%	1570 bp
% Total Effective Tax Rate	30.7%	32.8%	-210 bp	11.4%	1930 bp

The Income Tax and Social Contribution Effective Rate ended the quarter at 30.7%, 210 basis points below 1Q21, mainly explained by the growth of 15% of R&D projects, within the tax incentive rules. When compared to 4Q21, the reduction in the Income Tax effective rate is related mainly to the statement of Interest on Stockholders' Equity that took place in 4Q21.

## EBITDA Reconciliation and Net Income

In R\$ thousand	1Q22	1Q21	Δ	4Q21	Δ
<b>Consolidated Net Income</b>	<b>84,977</b>	<b>80,645</b>	<b>5.4%</b>	<b>125,829</b>	<b>(32.5%)</b>
<i>Net Margin</i>	<i>8.7%</i>	<i>11.2%</i>	<i>-250 bp</i>	<i>13.7%</i>	<i>-500 bp</i>
Depreciation and Amortization	71,790	59,303	21.1%	70,742	1.5%
Financial Result	796	8,637	(90.8%)	(972)	(181.9%)
Income Tax and Social Contribution	37,569	39,440	(4.7%)	16,213	131.7%
<b>EBITDA</b>	<b>195,132</b>	<b>188,025</b>	<b>3.8%</b>	<b>211,812</b>	<b>(7.9%)</b>
<i>EBITDA Margin</i>	<i>19.9%</i>	<i>26.1%</i>	<i>-620 bp</i>	<i>23.0%</i>	<i>-310 bp</i>
<b>Extraordinary Items</b>	<b>28,178</b>	<b>1,972</b>	<b>&gt;999%</b>	<b>8,643</b>	<b>226.0%</b>
Earn-out Adjustment at Fair Value	24,913	-	-	18,943	31.5%
Expenses with M&A Transactions	3,265	1,972	65.6%	178	>999%
Tax Credit	-	-	-	(10,478)	(100.0%)
<b>Adjusted EBITDA</b>	<b>223,310</b>	<b>189,997</b>	<b>17.5%</b>	<b>220,455</b>	<b>1.3%</b>
<i>Adjusted EBITDA Margin</i>	<i>22.8%</i>	<i>26.4%</i>	<i>-360 bp</i>	<i>23.9%</i>	<i>-110 bp</i>

(\*) EBITDA and Adjusted EBITDA are separate non-accounting (unaudited) prepared by the Company and consist of Net Income for the year, plus income taxes, financial expenses net, financial income, discontinued operations



*and depreciation and amortization.*

*The non-financial data included in this report, such as ARR, churn, renewal rate, among others, are non-accounting measures and have not been examined by our independent auditors.*



A free translation of the original report in Portuguese, as filed with the Brazilian Securities Commission (CVM), prepared in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting and the international standard IAS 34 - Interim Financial Reporting, as issued by international Accounting Standards Board - IASB.

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## Report on review of the interim financial information

To the Board Members and Shareholders of  
TOTVS S.A.  
São Paulo – SP

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information of TOTVS S.A. ("Company"), contained in the Quarterly Information – ITR Form for the quarter ended March 31, 2022, comprising the balance sheet as of March 31, 2022 and related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the three-month period then ended, including the explanatory notes.

The Company's management is responsible for the preparation and fair presentation of these individual and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of the review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion on individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

## Other matters

### Statements of added value

The interim financial information referred to above includes the individual and consolidated of added value (DVA) for the three-month period ended March 31, 2022, prepared under responsibility of Company's management, and presented as supplementary information for IAS 34 purposes. These statements were submitted to review procedures carried out jointly with the audit of Company's quarterly information to form a conclusion whether these statements are reconciled with interim financial information and book records, as applicable, and whether their forms and contents are in accordance with criteria defined in Technical Pronouncement CPC 09 – Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with individual and consolidated interim financial information taken as a whole.

São Paulo, April 29, 2022

KPMG Auditores Independentes Ltda

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Wagner Petelin

Accountant CRC 1SP142133/O-7

**TOTVS S.A.****Condensed Individual and Consolidated Statement of Financial Position**

(In thousands of reais)

<b>Assets</b>	<b>Note</b>	<b>Individual</b>		<b>Consolidated</b>		<b>Liabilities and equity</b>	<b>Note</b>	<b>Individual</b>		<b>Consolidated</b>	
		<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>			<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>
<b>Current assets</b>		<b>2,196,132</b>	<b>2,152,589</b>	<b>5,506,006</b>	<b>5,486,233</b>	<b>Current liabilities</b>		<b>933,562</b>	<b>872,267</b>	<b>3,296,335</b>	<b>3,319,550</b>
Cash and cash equivalents	5	1,746,616	1,743,262	2,853,672	2,871,072	Labor liabilities	15	174,857	173,233	285,328	289,289
Financial Investments	6	-	-	149,049	388,154	Trade and other payables		74,127	75,693	108,362	112,579
Escrow account	20	8,851	8,618	9,593	9,341	Taxes and contributions liabilities	16	49,854	45,842	78,760	96,790
Trade and other receivables	7	311,929	268,656	2,295,432	1,983,710	Commissions payable		57,161	46,792	69,323	59,635
Recoverable taxes	8	53,026	47,212	85,140	90,482	Dividends payable	24	70,895	80,153	70,895	80,153
Other assets	11	75,710	84,841	113,120	143,474	Loans, financing and lease liabilities	17	47,414	39,637	59,176	156,306
						Debentures	18	430,872	385,988	430,872	385,988
<b>Non-current assets</b>		<b>4,832,683</b>	<b>4,707,594</b>	<b>4,577,269</b>	<b>4,458,792</b>	Accounts payable from acquisition of subsidiaries	20	8,940	8,707	95,853	153,839
Escrow account	20	-	-	36,386	35,427	Business partners payable	19	-	-	608,739	520,118
Trade and other receivables	7	46,934	53,268	56,428	64,943	Senior shares and mezzanine obligations	22	-	-	1,386,759	1,372,726
Receivables from related parties	10	2,352	2,205	-	-	Other liabilities		19,442	16,222	102,268	92,127
Investments at fair value		-	-	84,577	99,621						
Deferred tax assets	9	66,859	62,729	153,457	144,622	<b>Non-current liabilities</b>		<b>1,787,222</b>	<b>1,754,987</b>	<b>2,220,308</b>	<b>2,139,467</b>
Judicial deposits	21	25,753	25,951	29,261	29,658	Loans, financing and lease liabilities	17	158,308	142,910	186,276	179,308
Other assets	11	77,467	83,098	85,069	90,335	Debentures	18	1,123,572	1,123,138	1,123,572	1,123,138
						Provision for contingencies	21	98,497	90,782	114,787	107,646
Equity-accounted investees	12	3,839,391	3,730,332	2,695	3,075	Accounts payable from acquisition of subsidiaries	20	-	-	365,343	311,575
Property, plant and equipment	13	339,921	319,685	413,357	404,869	Call option of non-controlling interests		373,524	366,194	373,524	366,194
Intangible assets and goodwill	14	434,006	430,326	3,716,039	3,586,242	Other liabilities		33,321	31,963	56,806	51,606
						<b>Shareholders' equity</b>	<b>23</b>	<b>4,308,031</b>	<b>4,232,929</b>	<b>4,566,632</b>	<b>4,486,008</b>
						Share Capital		2,962,585	2,962,585	2,962,585	2,962,585
						Capital reserves		878,478	864,868	878,478	864,868
						Treasury shares		(133,141)	(133,195)	(133,141)	(133,195)
						Profit Reserve		562,669	483,214	562,669	483,214
						Carrying value adjustments		37,440	55,457	37,440	55,457
						Non-controlling interests		-	-	258,601	253,079
<b>Total assets</b>		<b>7,028,815</b>	<b>6,860,183</b>	<b>10,083,275</b>	<b>9,945,025</b>	<b>Total shareholders' equity and liabilities</b>		<b>7,028,815</b>	<b>6,860,183</b>	<b>10,083,275</b>	<b>9,945,025</b>

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

# TOTVS S.A.

## Condensed Individual and Consolidated Statements of Profit or Loss

### For the three-months ended March 31, 2022 and 2021

(In thousands of reais, except for earnings per share)

		Individual		Consolidated	
	Note	3/31/2022	3/31/2021	3/31/2022	3/31/2021
Software revenue		590,945	459,825	899,870	665,318
Credit products		-	-	81,269	54,938
<b>Net revenue</b>	28	<b>590,945</b>	<b>459,825</b>	<b>981,139</b>	<b>720,256</b>
Cost of software	29	(181,362)	(149,535)	(270,950)	(204,188)
Cost of credit products	29	-	-	(39,860)	(17,544)
<b>Gross profit</b>		<b>409,583</b>	<b>310,290</b>	<b>670,329</b>	<b>498,524</b>
<b>Operating income (expenses)</b>					
Research and development expenses	29	(111,667)	(85,513)	(176,569)	(126,359)
Selling and marketing expenses	29	(142,082)	(105,077)	(209,294)	(141,424)
Administrative expenses	29	(72,464)	(62,636)	(137,498)	(104,070)
Other operating income (expenses)	29	(2,251)	2,141	(23,633)	2,051
<b>Operating profit</b>		<b>81,119</b>	<b>59,205</b>	<b>123,335</b>	<b>128,722</b>
Finance income	30	50,192	4,485	77,839	7,616
Finance expenses	30	(59,616)	(7,870)	(78,635)	(16,253)
Share of profit/ (loss) of equity-accounted investees	12	28,517	40,655	7	-
<b>Profit before income and social contribution taxes</b>		<b>100,212</b>	<b>96,475</b>	<b>122,546</b>	<b>120,085</b>
Income tax and social contribution - current		(24,887)	(27,569)	(46,124)	(52,748)
Income tax and social contribution - deferred		4,130	11,739	8,555	13,308
<b>Total of Income tax and social contribution taxes</b>	9	<b>(20,757)</b>	<b>(15,830)</b>	<b>(37,569)</b>	<b>(39,440)</b>
<b>Profit from continuing operations</b>		<b>79,455</b>	<b>80,645</b>	<b>84,977</b>	<b>80,645</b>
<b>Profit for the period</b>		<b>79,455</b>	<b>80,645</b>	<b>84,977</b>	<b>80,645</b>
<b>Profit attributable to owners of the Company</b>		<b>79,455</b>	<b>80,645</b>	<b>79,455</b>	<b>80,645</b>
<b>Profit attributable to non-controlling</b>		<b>-</b>	<b>-</b>	<b>5,522</b>	<b>-</b>

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

**TOTVS S.A.**  
**Condensed Individual and Consolidated Statements of Comprehensive Income**  
**For the three-months ended March 31, 2022 and 2021**  
(In thousands of Reais )

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	Individual		Consolidated	
	3/31/2022	3/31/2021	3/31/2022	3/31/2021
<b>Profit for the period</b>	<b>79,455</b>	<b>80,645</b>	<b>84,977</b>	<b>80,645</b>
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
Foreign operations - foreign currency translation adjustments	(18,017)	10,762	(18,017)	10,762
<b>Other comprehensive income</b>	<b>(18,017)</b>	<b>10,762</b>	<b>(18,017)</b>	<b>10,762</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>61,438</b>	<b>91,407</b>	<b>66,960</b>	<b>91,407</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	61,438	91,407	61,438	91,407
Non-controlling interests	-	-	5,522	-

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

**TOTVS S.A.**
**Condensed Individual and Consolidated Statements of Changes in Shareholders' Equity**
**For the three-months ended March 31, 2022 and 2021**

(In thousands of reais)

	Capital Reserve				Profit reserve			Retained earnings	Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
	Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Proposed dividends		Other comprehensive income			
<b>Balance at January 1, 2022</b>	<b>2,962,585</b>	<b>(133,195)</b>	<b>(24,323)</b>	<b>889,191</b>	<b>130,659</b>	<b>352,555</b>	-	-	<b>55,457</b>	<b>4,232,929</b>	<b>253,079</b>	<b>4,486,008</b>
<b>Capital transactions with shareholders</b>	-	<b>54</b>	-	<b>13,610</b>	-	-	-	-	-	<b>13,664</b>	-	<b>13,664</b>
Share-based compensation plan	-	-	-	13,739	-	-	-	-	-	13,739	-	13,739
Disposal of treasury shares	-	54	-	(54)	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	(75)	-	-	-	-	-	(75)	-	(75)
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	<b>79,455</b>	<b>(18,017)</b>	<b>61,438</b>	<b>5,522</b>	<b>66,960</b>
Profit for the period	-	-	-	-	-	-	-	79,455	-	79,455	5,522	84,977
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	(18,017)	(18,017)	-	(18,017)
<b>Balance at March 31, 2022</b>	<b>2,962,585</b>	<b>(133,141)</b>	<b>(24,323)</b>	<b>902,801</b>	<b>130,659</b>	<b>352,555</b>	-	<b>79,455</b>	<b>37,440</b>	<b>4,308,031</b>	<b>258,601</b>	<b>4,566,632</b>

	Capital Reserve				Profit reserve			Retained earnings	Carrying value adjustments	Total Equity	Non-controlling interests	Total shareholders' equity
	Capital	Treasury shares	Transaction between shareholders	Capital Reserve	Legal Reserve	Profit Reserve	Proposed dividends		Other comprehensive income			
<b>Balance at January 1, 2021</b>	<b>1,382,509</b>	<b>(148,537)</b>	<b>(24,323)</b>	<b>919,147</b>	<b>112,234</b>	<b>269,635</b>	<b>50,960</b>	-	<b>42,541</b>	<b>2,604,166</b>	-	<b>2,604,166</b>
<b>Capital transactions with shareholders</b>	-	<b>59</b>	-	<b>7,056</b>	-	-	-	-	-	<b>7,115</b>	-	<b>7,115</b>
Share-based compensation plan	-	-	-	7,115	-	-	-	-	-	7,115	-	7,115
Disposal of treasury shares	-	59	-	(59)	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	<b>80,645</b>	<b>10,762</b>	<b>91,407</b>	-	<b>91,407</b>
Profit for the period	-	-	-	-	-	-	-	80,645	-	80,645	-	80,645
Cumulative adjustment for currency exchange	-	-	-	-	-	-	-	-	10,762	10,762	-	10,762
<b>Balance at March 31, 2021</b>	<b>1,382,509</b>	<b>(148,478)</b>	<b>(24,323)</b>	<b>926,203</b>	<b>112,234</b>	<b>269,635</b>	<b>50,960</b>	<b>80,645</b>	<b>53,303</b>	<b>2,702,688</b>	-	<b>2,702,688</b>

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

(A free translation of the original in Portuguese)

## TOTVS S.A.

### Condensed Individual and Consolidated Statement of Cash Flows

#### For the Three-months ended March 31, 2022 and 2021

(In thousands of Reais)

		Individual		Consolidated	
	Note	3/31/2022	3/31/2021	3/31/2022	3/31/2021
<b>Cash flow from operating activities</b>					
<b>Profit before income and social taxes for the period from continuing operations</b>		<b>100,212</b>	<b>96,475</b>	<b>122,546</b>	<b>120,085</b>
Adjustments for:					
Depreciation and amortization	13/14	37,906	33,636	71,790	59,303
Share-based payments transactions	25	13,739	7,115	13,739	7,115
Losses on disposal of fixed assets and investments		(148)	(127)	209	(294)
Impairment loss on trade and other receivables	7	5,231	2,848	17,561	6,868
Share of profit/ (losses) of equity-accounted investees	12	(28,517)	(40,655)	(7)	-
Provision for contingencies, net of reversals	21	10,611	9,013	11,407	9,128
Reversal of provision net of additional provisions on other obligations and others		-	-	24,913	-
Senior shares and mezzanine remuneration (FIDC)		-	-	34,025	11,781
Interest and monetary variations and exchange variations differences, net		54,823	5,400	64,830	12,512
		<b>193,857</b>	<b>113,705</b>	<b>361,013</b>	<b>226,498</b>
<b>Changes in operating assets and liabilities</b>					
Trade and other receivables		(42,170)	(13,122)	(319,367)	(289,781)
Recoverable taxes		(5,814)	(302)	6,490	1,087
Judicial deposits		527	(174)	702	(297)
Other assets		113	(19,576)	20,849	7,492
Labor liabilities		1,624	13,663	(5,100)	11,379
Trade and other payables		(1,566)	(24,301)	(4,707)	(22,114)
Commissions payable		10,369	8,839	9,688	7,943
Taxes and contributions payable		3,514	(5,351)	(15,409)	(8,717)
Business partners payable		-	-	88,621	52,805
Other liabilities		(3,482)	(2,878)	4,243	(3,294)
<b>Cash generated from operating activities</b>		<b>156,972</b>	<b>70,503</b>	<b>147,023</b>	<b>(16,999)</b>
Interest paid		(2,509)	(2,685)	(9,588)	(3,675)
Tax paid		(24,389)	(19,200)	(50,073)	(48,327)
<b>Net cash from operating activities</b>		<b>130,074</b>	<b>48,618</b>	<b>87,362</b>	<b>(69,001)</b>
<b>Cash flow generated by/ (used) in investing activities</b>					
Capital increase in subsidiaries/ associates	12.2	(101,643)	(10,344)	-	-
Dividends received		3,084	-	-	-
Acquisition of property, plant and equipment	13	(13,724)	(9,049)	(14,648)	(10,617)
Acquisition of intangible assets	14	(7,881)	(10,116)	(9,811)	(10,435)
Franchises loan		4,471	(2,996)	4,471	(2,996)
Acquisitions of subsidiaries, net of cash acquired		-	-	(67,588)	-
Payments from acquisitions of subsidiaries		-	-	(119,450)	(24,065)
Proceeds from sale of subsidiaries, net of cash		6,398	5,041	6,398	5,041
Proceeds from sale of property, plant and equipment		195	306	197	503
Financial investments		-	-	247,291	88,237
<b>Net cash used in investing activities</b>		<b>(109,100)</b>	<b>(27,158)</b>	<b>46,860</b>	<b>45,668</b>
<b>Cash flow generated by/ (used in) financing activities</b>					
Payment of principal of loans and financing		-	-	(105,187)	(828)
Payment of principal of lease liabilities		(8,140)	(7,392)	(9,006)	(8,512)
Application (redemption) of senior and mezzanine shares		-	-	(28,096)	111,399
Share issue expenses		(75)	-	(75)	-
Receivables from related companies		(147)	-	-	-
Dividends and interest on shareholders' equity paid		(9,258)	(6,522)	(9,258)	(6,437)
<b>Net cash generated by/ (used in) financing activities</b>		<b>(17,620)</b>	<b>(13,914)</b>	<b>(151,622)</b>	<b>95,622</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>		<b>3,354</b>	<b>7,546</b>	<b>(17,400)</b>	<b>72,289</b>
Cash and cash equivalents at beginning of the period		1,743,262	527,955	2,871,072	1,027,733
Cash and cash equivalents at the end of the period		1,746,616	535,501	2,853,672	1,100,022

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.



**TOTVS S.A.**  
**Condensed Individual and Consolidated Statements of Value Added**  
**For the three-months ended March 31, 2022 and 2021**  
(In thousands of Reais)

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
<b>1 – REVENUES</b>	<b>662,303</b>	<b>518,165</b>	<b>1,080,636</b>	<b>799,425</b>
1.1 Sales of goods, products and services	666,565	518,963	1,096,769	805,012
1.2 Other revenue	969	2,050	1,428	1,281
1.3 Impairment loss on trade and other receivables (recording)	(5,231)	(2,848)	(17,561)	(6,868)
<b>2 - RAW MATERIALS ACQUIRED FROM THIRD-PARTIES (includes ICMS and IPI taxes)</b>	<b>(199,270)</b>	<b>(150,407)</b>	<b>(341,880)</b>	<b>(207,734)</b>
2.1 Cost of goods and services sold	(35,271)	(27,220)	(80,296)	(49,242)
2.2 Materials, energy, outsourced services and other	(163,999)	(123,187)	(261,584)	(158,497)
2.3 Other	-	-	-	5
<b>3 - GROSS VALUE ADDED (1+2)</b>	<b>463,033</b>	<b>367,758</b>	<b>738,756</b>	<b>591,691</b>
<b>4 - DEPRECIATION AND AMORTIZATION</b>	<b>(37,906)</b>	<b>(33,636)</b>	<b>(71,790)</b>	<b>(59,303)</b>
<b>5 - NET VALUE ADDED PRODUCED BY THE ENTITY (3+4)</b>	<b>425,127</b>	<b>334,122</b>	<b>666,966</b>	<b>532,388</b>
<b>6 - VALUE ADDED RECEIVED THROUGH TRANSFERS</b>	<b>78,709</b>	<b>45,140</b>	<b>77,846</b>	<b>7,616</b>
6.1 Share of profit/ (losses) of equity-accounted investees	28,517	40,655	7	-
6.2 Finance income	50,192	4,485	77,839	7,616
<b>7 - TOTAL VALUE ADDED TO DISTRIBUTE (5+6)</b>	<b>503,836</b>	<b>379,262</b>	<b>744,812</b>	<b>540,004</b>
<b>8 - VALUE ADDED DISTRIBUTION</b>	<b>503,836</b>	<b>379,262</b>	<b>744,812</b>	<b>540,004</b>
<b>8.1 Personnel</b>	<b>257,427</b>	<b>206,482</b>	<b>406,802</b>	<b>301,512</b>
8.1.1 Direct Compensation	217,350	175,344	345,312	255,423
8.1.2 Benefits	25,228	19,645	38,165	29,344
8.1.3 FGTS (Unemployment fund)	14,849	11,493	23,325	16,745
<b>8.2 Taxes and contributions</b>	<b>106,793</b>	<b>84,003</b>	<b>173,715</b>	<b>141,114</b>
8.2.1 Federal	89,176	69,899	147,005	120,394
8.2.2 State	16	-	485	474
8.2.3 Local	17,601	14,104	26,225	20,246
<b>8.3 Interest and rent</b>	<b>60,161</b>	<b>8,132</b>	<b>79,318</b>	<b>16,733</b>
8.3.1 Interest	59,616	7,870	78,635	16,253
8.3.2 Rents	545	262	683	480
<b>8.4 Equity remuneration</b>	<b>79,455</b>	<b>80,645</b>	<b>84,977</b>	<b>80,645</b>
8.4.3 Retained profit for the period	79,455	80,645	79,455	80,645
8.4.4 Non-controlling interest in retained profits	-	-	5,522	-

The accompanying notes are an integral part of the condensed individual and consolidated interim financial statements.

## **TOTVS S.A.**

### **Notes to the Condensed Individual and Consolidated Interim Financial Statements**

(In thousands of Reais, unless otherwise stated)

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#### **1. The Company and its operations**

##### **1.1 Reporting entity**

TOTVS S.A. ("TOTVS", "Company" or "Individual") is a publicly held corporation headquartered at Av. Braz Leme, 1000, in the city and state of São Paulo, whose shares are traded on the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão ("B3").

##### **1.2 Operations**

The Company's business purpose is to provide business solutions for companies of all sizes, through the development and sale of management software, productivity platforms, collaboration, and data intelligence, digital marketing as well as the provision of implementation, consulting, advisory, maintenance services, e-commerce and mobility. The solutions developed by the Company and its subsidiaries are segmented by the diverse economy industry, resulting in greater importance of these solutions for our clients' business.

The Company, through its subsidiary Supplier Participações S.A. ("Supplier"), provides financial services, issuance and credit card management business, including credit analysis and intermediation of financing requests in its businesses. Supplier holds subordinated quotas of a securitization fund known as Fundo de Investimento em Direitos Creditórios ("Supplier FIDC"), which purchases, sales and securitizes own or third-party credit rights. The investment in FIDC has been included in Company's condensed consolidated interim financial information.

#### **2. Basis of preparation and presentation of the interim financial information**

##### **2.1. Statement of compliance**

The condensed individual and consolidated interim financial statements was prepared and is presented in accordance with the accounting practices adopted in Brazil, which comprise the rules issued by the Brazilian Securities and Exchange Commission (CVM), and Brazil's Financial Accounting Standards Board (CPC) pronouncements, guidance and interpretations, which are in conformity with the standards and procedures of the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). All significant information in the condensed individual and consolidated interim financial statements, and solely such information, is disclosed and corresponds to that used by the Management of the Company and its subsidiaries.

##### **2.2. Basis of presentation**

All amounts presented in this condensed individual and consolidated interim financial statements are expressed in thousands of reais, unless otherwise indicated.

TOTVS's condensed individual and consolidated Interim Financial Statements were approved at the Board of Directors' Meeting held on April 29, 2022, after a recommendation by the Audit Committee at a meeting held on April 28, 2022.

Significant accounting policies adopted in preparing this condensed individual and consolidated interim financial statements have been consistently applied to the previous periods presented.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances, and are consistent with the information disclosed in note 3 of the financial statements of December 31, 2021.

This condensed individual and consolidated interim financial statements does not include all the requirements for annual or complete financial statements, and therefore should be read together with the complete financial statements of the Company and its subsidiaries for the year ended December 31, 2021.

## 2.3. Basis of preparation

The condensed individual and consolidated Interim financial statements were prepared using historical cost as base value, except for the valuation of certain assets and liabilities, such as business combinations and financial instruments, which were measured at fair value.

- I. **Condensed individual and consolidated interim financial statements:** The condensed individual and consolidated interim financial statements were prepared in accordance with CPC 21 ( R1) and IAS 34, which are applicable to the preparation of interim financial information, and in a manner consistent with accounting practices adopted in Brazil, including the standards issued by the CVM and pronouncements of the Accounting Pronouncements Committee (CPC) and in accordance with the IFRS issued by the IASB.
- II. **Changes in accounting policies and disclosures:** There are no new standards, amendments and interpretations of standards issued as of January 1st, 2022 that, in Management's opinion, may have a significant impact on P&L or equity disclosed by the Company and its subsidiaries.

## 2.4. Consolidation basis

The condensed individual and consolidated interim financial statements include the operations of the Company and the following subsidiaries and associates whose percentages of the interests held by the Company at the reporting date are summarized below:

Corporate Names	Head office	Interest	Main activity	% Interest	
				3/31/2022	12/31/2021
Soluções em Software e Serviços TTS Ltda. ("TTS")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Tecnologia em Software de Gestão Ltda. ("TOTVS Tecnologia")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Direct	Software Operation	74.20%	74.20%
VT Comércio Digital S.A. ("VT Comércio")	BRA	Direct	Software Operation	50.00%	50.00%
TOTVS Argentina S.A. ("TOTVS Argentina")	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS México S.A. ("TOTVS México")	MEX	Direct	Software Operation	100.00%	100.00%

TOTVS Incorporation ("TOTVS Inc.")	EUA	Direct	Software Operation	100.00%	100.00%
TOTVS Large Enterprise Tecnologia S.A. ("TOTVS Large")	BRA	Direct	Software Operation	100.00%	100.00%
Dimensa S.A. (antiga TFS Soluções em Software Ltda.) ("Dimensa")	BRA	Direct	Software Operation	62.50%	62.50%
CM Soluciones – Argentina ("CMNet Argentina")	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Serviços de Desenvolvimento e Consultoria em Tecnologia da Informação Ltda. ("Eleve")	BRA	Direct	Software Operation	100.00%	100.00%
TOTVS Techfin S.A. (antiga Katrina Participações S.A.) ("TOTVS Techfin")	BRA	Direct	Software Operation	100.00%	100.00%
Datasul S.A. de CV. ("Datasul México") (ii)	MEX	Direct	Software Operation	100.00%	100.00%
TOTVS Corporation ("TOTVS BVI") (ii)	BVI	Direct	Software Operation	100.00%	100.00%
Datasul Argentina S.A. ("Datasul Argentina") (ii)	ARG	Direct	Software Operation	100.00%	100.00%
TOTVS Renda Fixa Crédito Privado Fundo de Investimento em Cotas de Fundos de Investimento ("Fundo Restrito")	BRA	Direct	Restricted investment fund	100.00%	100.00%
RD Gestão e Sistemas S.A. ("RD Station")	BRA	Indirect	Software Operation	92.04%	92.04%
TOTVS Reservas Ltda. ("TOTVS Reservas")	BRA	Indirect	Software Operation	100.00%	100.00%
CMNet Participações S.A. ("CMNet Participações")	BRA	Indirect	Holding - Participation in other companies	100.00%	100.00%
TOTVS Hospitality Technology Portugal Lda. ("CMNet Portugal")	PRT	Indirect	Software Operation	100.00%	100.00%
TOTVS Hospitality Chile ("TOTVS Chile") (former "CMNet Chile")	CHL	Indirect	Software Operation	100.00%	100.00%
RJ Participações S.A. ("RJ Participações")	BRA	Indirect	Holding - Participation in other companies	80.00%	80.00%
R.J. Consultores en Sistemas de Información S.C. ("RJ México")	MEX	Indirect	Software Operation	80.00%	80.00%
R.J. Consultores e Informática Ltda. ("RJ Consultores")	BRA	Indirect	Software Operation	80.00%	80.00%
Consinco S.A. ("Consinco") (i)	BRA	Indirect	Software Operation	-	100.00%
Wealth Systems Informática Ltda. ("WS")	BRA	Indirect	Software Operation	100.00%	100.00%
Supplier Participações S.A. ("Supplier") (v)	BRA	Indirect	Financial services and credit operations	100.00%	88.75%
Supplier Administradora de Cartão de Crédito S.A. ("Supplier Administradora") (v)	BRA	Indirect	Financial services and credit operations	100.00%	88.75%
Tail Target Tecnologia de Informação Ltda. ("Tail")	BRA	Indirect	Software Operation	100.00%	100.00%
National Platform, LLC ("National Platform")	RUS	Indirect (Plug)	Software Operation	19.00%	19.00%
RD Station Colômbia SAS ("RD Colômbia")	COL	Indirect (Associate)	Software Operation	92.04%	92.04%
TOTVS Hospitality Ltda. ("TOTVS Hospitality")	BRA	Indirect	Software Operation	25.80%	25.80%
TOTVS Colômbia SAS ("TOTVS Colômbia")	COL	Indirect	Software Operation	100.00%	100.00%
DTS Consulting Partner, SA de CV ("Partner") (ii)	MEX	Indirect	Software Operation	100.00%	100.00%
Bematech Argentina S.A. ("Bematech Argentina") (ii)	ARG	Indirect	Software Operation	100.00%	100.00%
InovaMind Tech Ltda. ("InovaMind") (iii)	BRA	Indirect	Software Operation	100.00%	-
Mobile2you Ltda. ("Mobile2you") (iii)	BRA	Indirect	Software Operation	100.00%	-
Credit Core Tecnologia de Crédito Ltda. ("Vadu") (iii)	BRA	Indirect	Software Operation	100.00%	-
Cobu Consulting & Business Ltda. ("Cobu") (iii)	BRA	Indirect	Software Operation	100.00%	-
Cartão de compra Supplier Fundo de Investimento em Direitos Creditórios ("Supplier FIDC") (iv)	BRA	Indirect	Financial services and credit operations	-	-

(i) On February 28, 2022, the subsidiary Consinco S.A. was merged by the, also subsidiary, Soluções em Software e Serviços TTS Ltda. by the net assets of R\$45,029 in which were evaluated by experts which issued the evaluation report of the Shareholders' equity in the base date on December 31, 2021. The variations in the accounts occurred after the base date until the data of effective merger were absorbed by the subsidiary Soluções em Software e Serviços TTS Ltda.

(ii) Dormant companies that will be closed.

(iii) Company acquired in 2022 as mentioned in note 3.

- (iv) The condensed consolidated Interim financial statements include the Supplier FIDC, since the Company acquired subordinated quotas, which maintain most of the Fund's risk and rewards.
- (v) On March 30, 2022, the subsidiary TOTVS Tecnologia exercised the call option by the remaining interest from Supplier Participações in the amount of R\$51,576. The transaction provides the complementary payment (Earn-out) to be paid on March 31, 2026, whose fair value in the transaction date has generated a complementary provision of R\$24,913 recognized at "Accounts payable from acquisition of subsidiaries".

All balances and transactions between subsidiaries were eliminated in the condensed consolidated financial statements.

Comparing the consolidated profit or loss between 2022 and 2021, the acquisition dates of each subsidiary must be considered. Thus, the condensed consolidated interim financial statements as of March 31, 2022 does not include the profit or loss of subsidiaries Inovamind and Mobile2you, which were included in the consolidated financial statements as from the date of their respective acquisition.

Investments in associates are accounted for under the equity method and are initially recognized at cost.

## **2.5. Reclassification of comparative amounts of the Interim Financial Statements from the period ended March 31, 2021**

The reclassifications are as follows:

(i) The Company and its subsidiaries have identified the necessity to change the criteria of presentation of depreciation and amortization expenses, as well as, the impairment loss on trade and other receivables in accordance to CPC 26/ IAS 1 of condensed consolidated interim financial statements from March 31, 2021. The purpose of this change is to suit the rubrics described above by function in the Statement of Profit or Loss.

(ii) Finance income reclassification from subsidiary Supplier Administradora recognized at "Cost of credit product", for better representing the net cost of funding.

Statement of Profit or Loss on the period ended March 31, 2021:

	Individual			Consolidated		
	3/31/2021	Reclassification	Restated – 3/31/2021	3/31/2021	Reclassification	Restated – 3/31/2021
Software revenue	459,825	-	459,825	665,318	-	665,318
Credit products	-	-	-	54,938	-	54,938
<b>Net revenue from services and sales</b>	<b>459,825</b>	<b>-</b>	<b>459,825</b>	<b>720,256</b>	<b>-</b>	<b>720,256</b>
Cost of software	(133,051)	(16,484)	(149,535)	(186,322)	(17,866)	(204,188)
Cost of credit products	-	-	-	(18,277)	733	(17,544)
<b>Gross profit</b>	<b>326,774</b>	<b>(16,484)</b>	<b>310,290</b>	<b>515,657</b>	<b>(17,133)</b>	<b>498,524</b>
<b>Operating income (expenses)</b>						
Research and development expenses	(78,050)	(7,463)	(85,513)	(117,563)	(8,796)	(126,359)
Selling and marketing expenses	(97,393)	(7,684)	(105,077)	(129,167)	(12,257)	(141,424)
General and administrative expenses	(57,783)	(4,853)	(62,636)	(76,893)	(27,177)	(104,070)
Depreciation and amortization	(33,636)	33,636	-	(59,303)	59,303	-
Provision for expected credit losses	(2,848)	2,848	-	(6,868)	6,868	-
Other operating income (expenses)	2,141	-	2,141	2,051	-	2,051
<b>Operating profit</b>	<b>59,205</b>	<b>-</b>	<b>59,205</b>	<b>127,914</b>	<b>808</b>	<b>128,722</b>
Finance income	4,485	-	4,485	8,424	(808)	7,616
Finance expenses	(7,870)	-	(7,870)	(16,253)	-	(16,253)
Equity pick-up	40,655	-	40,655	-	-	-
<b>Profit before tax from continuing operations</b>	<b>96,475</b>	<b>-</b>	<b>96,475</b>	<b>120,085</b>	<b>-</b>	<b>120,085</b>
Income tax and social contribution - current	(27,569)	-	(27,569)	(52,748)	-	(52,748)
Income tax and social contribution - deferred	11,739	-	11,739	13,308	-	13,308
<b>Total of income tax and social contribution</b>	<b>(15,830)</b>	<b>-</b>	<b>(15,830)</b>	<b>(39,440)</b>	<b>-</b>	<b>(39,440)</b>
<b>Profit for the period from continuing operations</b>	<b>80,645</b>	<b>-</b>	<b>80,645</b>	<b>80,645</b>	<b>-</b>	<b>80,645</b>
<b>Profit for the period</b>	<b>80,645</b>	<b>-</b>	<b>80,645</b>	<b>80,645</b>	<b>-</b>	<b>80,645</b>

The financial statements were originally disclosed on May 5, 2021.

### 3. Business combination

The Company's acquisitions reinforce the software strategy to develop an ecosystem represented by three dimensions: (i) Management - ERP, HR and vertical solutions; (ii) Techfin - B2B credit, services and payments; and (iii) Business Performance - sales lead and marketing.

#### A. InovaMind

On March 7, 2022, the Company entered into a share sale and purchase agreement for the acquisition of quotas corresponding to 100% of the Share Capital from InovaMind Tech Ltda. , through its subsidiary Dimensa S.A. for R\$23,500. In addition, the agreement provides the payment of variable complementary purchase price, subject to the achievement of certain performance targets established related to the years of 2022 and 2023 and and complying with other conditions.

InovaMind is an artificial intelligence startup which uses Big Data to create products and digital services for the companies of all sizes.

#### B. Mobile2you

On January 31, 2022, the Company entered into a share sale and purchase agreement for the acquisition of 100% of quotas of Share Capital from Mobile2you Ltda., through its subsidiary Dimensa S.A. for the amount of R\$26,900. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of certain performance targets established related to the years of 2022 and 2023 and the fulfillment of other conditions.

Mobile2you is a mobile-house responsible for developing tailor-made financial applications for companies that want to start the journey of entering the fintech market.

C. Vadu

On March 29, 2022, the Company celebrated a share sale and purchase agreement for the acquisition of 100% of quotas of Share Capital from Vadu Ltda., through its subsidiary Dimensa S.A. for the amount of R\$40,000. In addition, the agreement provides the payment of complementary purchase price, subject to the achievement of certain performance targets from Vadu and the fulfillment of other conditions.

Vadu is a platform for analysis, automation and monitoring solutions for the credit market, using Big Data integrated to artificial intelligence, the platform acts in all credit journeys.

Below is a summary of the fair value at the acquisition date of the transferred consideration after price adjustment.

<i>In thousands of reais</i>	Note	InovaMind	Mobile2you	Vadu	Total
Cash payment		15,136	17,484	37,500	70,120
Contingent consideration	20	9,599	21,378	30,000	60,977
Amount withheld	20	-	1,113	17,500	18,613
<b>Total consideration</b>		<b>24,735</b>	<b>39,975</b>	<b>85,000</b>	<b>149,710</b>

<i>Cash flow analysis of the acquisition</i>	InovaMind	Mobile2you	Vadu	Total
Cash paid amount	15,136	17,484	37,500	70,120
Liquid box purchased from the subsidiary	(1,608)	-	(924)	(2,532)
<b>Liquid Cash Flow of Acquisition</b>	<b>13,528</b>	<b>17,484</b>	<b>36,576</b>	<b>67,588</b>

D. Identifiable intangible assets acquired and Goodwill

The following is the information related to identified assets acquired and preliminary liabilities assumed at fair value, goodwill and cost of the interest held that affected the condensed consolidated interim financial statements position as at March 31, 2022:

<b>Preliminary fair value</b>	<b>InovaMind</b>	<b>Mobile2you</b>	<b>Vadu</b>	<b>TOTAL</b>
<i>At acquisitions date</i>	<i>01/7/2022</i>	<i>01/31/2022</i>	<i>03/29/2022</i>	
<b>Current assets</b>	<b>2,648</b>	<b>609</b>	<b>1,814</b>	<b>5,071</b>
Cash and cash equivalents	1,608	-	924	2,532
Trade and other receivables	133	394	874	1,401
Other current assets	907	215	16	1,138
<b>Non-current assets</b>	<b>8,595</b>	<b>9,570</b>	<b>381</b>	<b>18,546</b>
Property, plant and equipment	8	487	205	700
Software	4,088	3,915	-	8,003
Client portfolio	3,722	3,761	-	7,483
Non-compete	777	1,399	-	2,176
Other intangibles	-	8	4	12
Other non-current assets	-	-	172	172
<b>Current liabilities</b>	<b>5,552</b>	<b>1,348</b>	<b>1,195</b>	<b>8,095</b>
Labor liabilities	-	564	575	1,139
Other liabilities	5,552	784	620	6,956
<b>Non-current liabilities</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Net assets and liabilities</b>	<b>5,689</b>	<b>8,831</b>	<b>1,000</b>	<b>15,520</b>
Cash payment	15,136	17,484	37,500	70,120
Short-term portion	-	7,300	-	7,300
Long-term portion (i)	9,599	15,191	47,500	72,290
<b>Goodwill</b>	<b>19,046</b>	<b>31,144</b>	<b>84,000</b>	<b>134,190</b>

(i) Long-term portions were recorded at present value at acquisition date.

The assets acquired and liabilities assumed at fair value presented above are preliminary. So, if new information obtained within a period of one year from the acquisition date about facts and circumstances that existed on the acquisition date and indicate adjustments to these amounts, or any provision that existed at the acquisition date, the acquisition accounting will be revised, as provided in CPC 15 .

The goodwill of R\$134,190 comprises the value of future economic benefits of synergies arising from the acquisition and align with the Company's strategy and are allocated to the Management segment.

Contingent considerations were recorded at fair value on the acquisition date and are presented in note 20.

The acquired companies were included in the Management segment in line with the TOTVS group's strategy and contributed with a net consolidated revenue from services of R\$4,573 and net profit of R\$851 in the period ended March 31, 2022, after each acquisition date mentioned above.

The transaction cost involving the acquisitions of these companies as of March 31, 2022 was R\$1,544, recognized in profit or loss as administrative expenses.

#### 4 Financial instruments and sensitivity analysis of financial assets and liabilities

The Company and its subsidiaries evaluated their financial assets and liabilities based on market values using the information available and the appropriate valuation methodologies.



#### 4.1 Financial instruments by category

The table below compares the financial instruments of the Company and its subsidiaries by class, as presented in the condensed individual and consolidated interim financial statements:

	Fair Value through profit or loss		Amortized cost	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<b>Consolidated</b>				
Cash and cash equivalents (Note 5)	2,834,291	2,852,173	19,381	18,899
Financial investments (Note 6)	149,049	388,154	-	-
Escrow account (Note 20)	-	-	45,979	44,768
Trade and other receivables (Note 7)	-	-	2,351,860	2,048,653
Franchises loan (Note 11)	-	-	58,387	67,122
Receivables for investments sold (Note 11)	-	-	7,222	14,454
Investments at fair value (Note 4.2)	84,577	99,621	-	-
<b>Financial Instruments assets</b>	<b>3,067,917</b>	<b>3,339,948</b>	<b>2,482,829</b>	<b>2,193,896</b>
Loans, financing (Note 17) (i)	-	-	-	103,740
Debentures (Note 18)	-	-	1,554,444	1,509,126
Trade and other payables (ii)	-	-	248,580	252,367
Business partners payable (Note 19)	-	-	608,739	520,118
Accounts payable from acquisition of subsidiaries (Note 20)	383,205	420,557	77,991	44,857
Senior shares and mezzanine obligations (Note 22)	-	-	1,386,759	1,372,726
Call option of non-controlling interests (iii)	373,524	366,194	-	-
Other liabilities	-	-	12,961	13,579
<b>Financial liabilities</b>	<b>756,729</b>	<b>786,751</b>	<b>3,889,474</b>	<b>3,816,513</b>

(i) Leases are not included in accordance to CPC 06(R1).

(ii) Includes "Trade and other payables", "Commissions payable" and "dividends payable".

(iii) Represents the call option as a result of the transaction involving B3.

The fair value of financial assets and liabilities is included in the amount for which the instrument could be exchanged in a transaction between willing parties rather than in a forced sale or settlement. The methods and assumptions below were used to estimate fair value:

- Escrow accounts, trade and other receivables, trade and other payables and other short-term liabilities approximate their respective carrying amounts mainly due to the short-term maturities of these instruments.
- Financial assets at fair value not traded in an active market are estimated using a valuation technique, such as discounted cash flow or multiple revenues, considering the reasonableness of the range of values indicated thereby.
- Loans, financing and debentures are initially recognized at fair value, net of costs incurred in the transaction and are subsequently stated at amortized cost. The Company and its subsidiaries use the risk-free discounted cash flow methodology to calculate the fair value of loans, financing and debentures.
- Accounts payable from acquisition of subsidiaries, includes contingent payments relating to business combinations and their fair value is estimated based on the performance of operations applied to the multiples defined in the contract.
- Liabilities for obligations with senior and mezzanine shares refer to other Supplier FIDC shareholders and are stated at amortized cost.

The amounts recognized in the statement of financial position regarding trade and other receivables, trade and other accounts payables, franchises loan and other payables, dividends payable at amortized cost, do not significantly differ from their fair values.

## 4.2 Investments at fair value

TOTVS' investments in startups are made within a medium-term strategy, with output planned for when the expected financial returns are achieved, and are recognized as financial instruments.

These investments are private companies which do not have a quoted market price in an active market. The fair value of these investments is measured by commonly used market valuation techniques, such as discounted cash flows or multiples, considering the reasonableness of the estimated range of values. The fair value measurement is the mid-point within the range that best represents the respective fair value. Additionally, these investments include an investment in GoodData in preferred shares, subject to preemptive right of subscription.

These investments as of March 31, 2022 were R\$84,577 (R\$99,621 as of December 31, 2021).

## 4.3 Sensitivity analysis of financial assets and liabilities

The financial instruments of the Company and its subsidiaries are represented by accounts and other receivables, trade and other payables, loans and financing and debentures, which are recorded at cost plus income or charges incurred or at fair value, where applicable, as at March 31, 2022 and December 31, 2021.

The main risks related to the Company's operations are linked to the variation of Brazilian Interbank Deposit Floating Rate (CDI).

### a) Financial assets

In order to check the sensitivity of the index in the short-term investments to which the Company and its subsidiaries were exposed to risk in interest rate movement as of March 31, 2022, three different scenarios were defined. Based on projections disclosed by financial institutions, the average rate for CDI is 11.65% for the three-months period ended March 31, 2022, which was defined as a probable scenario (scenario I). Based thereon, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each of these scenarios the "gross finance income" was estimated, with taxes on investment returns not included. The reference date for the portfolio was March 31, 2022, with a one-year projection to check the sensitivity of CDI to each scenario.

Operation	Balances at 3/31/2022	Risk	Probable Scenario I	Scenario II	Scenario III
		Reduction			
Consolidated financial investments	2,983,340	CDI	11.65%	8.74%	5.83%
<b>Estimated finance income</b>			<b>347,559</b>	<b>260,744</b>	<b>173,929</b>

### b) Financial liabilities

To evaluate the sensitivity of the indexes to which the Company and its subsidiaries are

exposed when estimating the debts as at March 31, 2022, three different scenarios were created. Based on CDI rates in force at this date, the most probable scenario (scenario I) was determined for 2022 and, from this, variations of 25% (scenario II) and 50% (scenario III) were calculated.

For each scenario, the gross financial expense was calculated, without the related tax impacts and the maturity flow of each contract scheduled for 2022. The reference date used for the debts was March 31, 2022, projecting the rates for one year and checking their sensitivity in each scenario.

Operation	Balances at 3/31/2022	Risk	Probable Scenario I	Scenario II	Scenario III
		Increase	11.65%	14.56%	17.48%
Debentures (Note 18)	1,554,444	CDI	181,093	226,327	271,717
<b>Estimated finance expense</b>			<b>181,093</b>	<b>226,327</b>	<b>271,717</b>

#### 4.4 Changes in liabilities from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were or will be classified in the condensed individual and consolidated statement of cash flows as cash flows from financing activities.

The following is a breakdown of liabilities arising from financing activities for the three-months period ended in March 31, 2022:

Consolidated	12/31/2021	Cash flow from financing activities		Non-cash items			3/31/2022
		Principal	Interest paid	Addition/ (Write off)	Interest incurred	Acquisition of subsidiary	
Loans and financing (Note 17) (i)	103,740	(105,187)	(6,537)	-	2,797	5,187	-
Leases (Note 17)	231,874	(9,006)	(3,051)	25,991	(356)	-	245,452
Debentures (Note 18)	1,509,126	-	-	-	45,318	-	1,554,444
Dividends payable (Note 24)	80,153	(9,258)	-	-	-	-	70,895
Senior shares and mezzanine obligations (Note 22)	1,372,726	(28,096)	-	-	42,129	-	1,386,759
<b>Total</b>	<b>3,297,619</b>	<b>(151,547)</b>	<b>(9,588)</b>	<b>25,991</b>	<b>89,888</b>	<b>5,187</b>	<b>3,257,550</b>

(i) Corresponds to the sum of "Working capital" and "Guaranteed accounts and others", detailed in note 17.

#### 4.5 Financial risk management

The main financial risks to which the Company and its subsidiaries are exposed when conducting their activities are:

##### a. Liquidity Risk

The Company's and its subsidiaries' liquidity and cash flow are monitored daily by Company Management areas to ensure the generation of cash from operating activities and early fundraising, whenever necessary. The Company and its subsidiaries do not observed until the present date and do not expect to have a significant impact on liquidity and cash flow resulting from the COVID-19 pandemic and reinforces its commitment to resource management in order

to maintain its schedule of commitments, not giving rise to liquidity risks for the Company and its subsidiaries.

Typically, the Company and its subsidiaries ensure that it have sufficient cash at sight to cover expected operating expenses, including the compliance with financial obligations; which excludes the potential impact of extreme situations that cannot be reasonably foreseen, such as natural disasters. The Company and its subsidiaries have access to a sufficient variety of funding sources.

## **b. Credit risk**

Credit risk is the risk that the counterparty in a deal will not fulfill an obligation set forth in a finance instrument or contract with a customer, which would cause a financial loss.

Regarding the credit risk associated with financial institutions, the Company and its subsidiaries distribute this exposure among financial institutions. Financial investments must be made in institutions whose risk rating is equal to or greater than the Sovereign Risk (Brazil Risk) assigned by the rating agencies Standard & Poor's, Moody's or Fitch and in the case of investment in investment funds, the referred classification will be replaced by the classification "Investment Grade", attributed by ANBIMA. The amount allocated to each institution, except federal government bonds, cannot exceed 30% of the total balances in current accounts plus financial investments, and also not correspond more than 5% of the equity of the financial institution.

The exposure of the Company and its subsidiaries to credit risk is also influenced also by the individual characteristics of each customer. The Company and its subsidiaries establish a credit policy whereby every new customer has its credit capacity individually analyzed prior to the standard payment terms and conditions.

For the trade and other receivables from software operation of the Company and its subsidiaries, have a very diversified customer portfolio with low concentration level and establish an estimate of the provision for losses that represents its estimate of losses incurred in relation to trade and other receivables. The main component of this allowance is specific and related to significant individual risks.

The risk assessment structure of the subsidiary Supplier's credit product portfolio is based on statistical methodologies of Application and Behavior Scoring, in addition to the use of risk mitigating instruments, such as credit insurance and intervention. In addition, the Supplier subsidiary seeks to prevent possible risks from the credit portfolio through the provision of monitoring reports, risk committee, actions to readjust credit limits, portfolio monitoring and improvements in the registration system. Potential credit losses are mitigated, when necessary, through the following guarantees: insurance, issuer's guarantees, as long as approved by the credit card committee. The assessment of the efficiency of these instruments is considered sufficient to cover any significant losses. It should be noted that portfolio turnover is fast with an average term of 54 days (55 days as of December 31, 2021), or when they are sold in the short term.

In addition, due to the COVID-19 pandemic, the Company and its subsidiaries closely monitor the behavior and active management of the default in its customer portfolio through policies related to the sale of services and software licenses. No significant impacts are expected, in addition the provision for losses presented in note 7.

### c. Market risk

Interest rate and inflation risk: interest rate risk arises from the portion of the debt and financial investments related to CDI, which can adversely affect the finance income or expenses in the event of unfavorable changes in the interest rate and inflation.

The credit rights generated by the Credit Products - Supplier segment are short-term and, therefore, are not subject to interest rate variations.

Exchange rate risk: this risk arises from the possibility of losses due to currency rate fluctuations that could increase the liabilities resulting from loans and foreign currency purchase commitments or that could reduce the assets resulting from trade and other receivables in foreign currency.

Certain subsidiaries have international operations and are exposed to exchange risk arising from exposures in some currencies, such as the U.S. dollar (USD), Argentinean peso (ARS), Mexican peso (MXN), Chilean peso (CLP) and Colombian peso (COP).

The Company and its subsidiaries ensure that its net exposure is maintained at an acceptable level in accordance with the policies and limits defined by Management and is monitoring the possible impacts of the COVID-19 pandemic and other economics and political factors in each of these companies. In the period ended in March 31, 2022, the balance of assets exceeds the negative balances exposed, as follows:

31/03/2022						
Company	Trade and other payables	Cash and cash equivalents	Trade and other receivables	Other assets (i)	Net exposure	Currency
RJ Consultores México	(23)	1,569	722	-	2,268	Peso (MXN)
CMNet Participações	(106)	376	109	-	379	Peso (CLP) and EUR
CMNet Argentina	(24)	614	235	-	825	ARS
TOTVS S.A.	(3,519)	-	-	-	(3,519)	USD
TOTVS Large	-	-	-	7,046	7,046	USD
TOTVS México	(1,394)	2,588	6,934	-	8,128	Peso (MXN)
TOTVS Argentina	(2,110)	6,101	11,682	-	15,673	Peso (ARS)
TOTVS Incorporation	(405)	1,239	423	84,577	85,834	USD
RD Colômbia	(82)	645	-	-	563	Peso (COP)
<b>Total</b>	<b>(7,663)</b>	<b>13,132</b>	<b>20,105</b>	<b>91,623</b>	<b>117,197</b>	

(i) The amount of R\$7,046 refers to receivable for the hardware operation sold in 2019. The amount of R\$84,577 refers to financial investments of the Company as described in note 4.2.

### d. Derivatives

The Company and its subsidiaries did not maintain financial derivative transactions in the reported periods.

## 4.6 Capital management

The Company's capital management is intended to ensure a strong credit rating with institutions and an optimal capital ratio in order to drive the Company's businesses and maximize value for shareholders.

The Company and its subsidiaries control its capital structure by adjusting and adapting to current economic conditions. To maintain this structure, the Company and its subsidiaries may pay dividends, repurchase shares, take out new loans, issue debentures and promissory notes.

The Company and its subsidiaries compose the net debt structure including loans, financing and debentures, and senior shares and mezzanine obligations from Supplier FIDC, less financial investments balance of Supplier FIDC, and cash and cash equivalents.

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Loans, financing and lease liabilities (Note 17)	205,722	182,547	245,452	335,614
Debentures (Note 18)	1,554,444	1,509,126	1,554,444	1,509,126
Senior shares and Mezzanine obligations (Note 22)	-	-	1,386,759	1,372,726
(-) Cash and cash equivalents (Note 5) (ii)	(1,746,616)	(1,743,262)	(2,853,672)	(2,871,072)
(-) Financial investments (Note 6) (i)	-	-	(149,049)	(388,154)
<b>Net (cash) debt</b>	<b>13,550</b>	<b>(51,589)</b>	<b>183,934</b>	<b>(41,760)</b>
Shareholders' equity	4,308,031	4,232,929	4,308,031	4,232,929
Non-controlling interests	-	-	258,601	253,079
<b>Shareholders' equity and net debt</b>	<b>4,321,581</b>	<b>4,181,340</b>	<b>4,750,566</b>	<b>4,444,248</b>

(i) Represent financial investments in investment funds and national treasury bills for restricted use of Supplier FIDC and are not available to the Company and its subsidiaries.

## 5 Cash and cash equivalents

Cash and cash equivalents are maintained for meeting short-term cash requirements and for strategic investment or other purposes of the Company and its subsidiaries, and are redeemable within 90 days from the date of the respective transaction and subject to a minimal risk of change of value.

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Cash and banks	959	352	19,381	18,899
<b>Cash equivalents</b>	<b>1,745,657</b>	<b>1,742,910</b>	<b>2,834,291</b>	<b>2,852,173</b>
Investment fund	1,739,848	1,653,990	2,671,477	2,594,683
CDB	4,709	88,920	155,225	252,359
Others	1,100	-	7,589	5,131
	<b>1,746,616</b>	<b>1,743,262</b>	<b>2,853,672</b>	<b>2,871,072</b>

The Company and its subsidiaries have financial investment policies, which establish that the investments focus on low risk securities and investments in top-tier financial institutions.

The Company and its subsidiaries concentrate its investments in an exclusive investment fund. The fund is composed of investment fund shares whose portfolio is made up of highly-liquid fixed-income assets. The eligible assets in the portfolio structure are mainly government debt securities, which present low credit risk and volatility. The investments of the Company and its subsidiaries are substantially remunerated by reference to the CDI variation, which averaged 108.7% of the CDI for the period ended in March 31, 2022 (111.2% as of December 31, 2021).

The following is the breakdown of the exclusive investment fund portfolio:

	<b>2022</b>	<b>2021</b>
Itaú Wealth Master	37.51%	37.06%
Itaú Verso A	33.62%	33.91%
CP Diferenciado	23.40%	23.53%
Itaú RF CP Diferenciado IQ	5.47%	5.50%

## 6 Financial investments

The following amounts refer to the investment funds and financial government bonds redeemable from Supplier FIDC that are not available to the Company.

	<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>12/31/2021</b>
Government bonds	9,811	9,539
Investment funds (i)	134,965	378,615
CDB	4,273	-
<b>Total</b>	<b>149,049</b>	<b>388,154</b>

(i) Investment funds shares pegged to DI.

## 7 Trade and other receivables

Amounts of trade and other receivables in the domestic and foreign market are as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>
Domestic market	409,768	380,541	595,888	553,940
Foreign market	1,274	1,167	11,703	11,962
<b>Trade of domestic and foreign market</b>	<b>411,042</b>	<b>381,708</b>	<b>607,591</b>	<b>565,902</b>
Credit rights (i)	-	-	1,898,066	1,641,861
<b>Total trade and other receivables and credit rights</b>	<b>411,042</b>	<b>381,708</b>	<b>2,505,657</b>	<b>2,207,763</b>
(-) Impairment loss on trade and other receivables	(52,179)	(59,784)	(153,797)	(159,110)
<b>Total trade and other receivables</b>	<b>358,863</b>	<b>321,924</b>	<b>2,351,860</b>	<b>2,048,653</b>
Current assets	311,929	268,656	2,295,432	1,983,710
Non-current assets (ii)	46,934	53,268	56,428	64,943

- (i) The credit rights belong to Supplier FIDC and refer to securities assigned arising from Supplier's credit purchases at partner establishments.
- (ii) Long-term trade and other receivables refer basically to the sale of software license, software implementation and customization services, and are presented net of adjustment to present value.

Changes in the impairment loss on trade and other receivables are as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>
<b>Balance on December 31, 2021</b>	<b>59,784</b>	<b>57,097</b>	<b>159,110</b>	<b>136,245</b>
Additional allowance	5,231	14,395	17,561	36,235
(Write-off) due to use	(12,836)	(11,708)	(22,940)	(15,462)
Acquisition of subsidiaries	-	-	66	2,092
<b>Balance on March 31, 2022</b>	<b>52,179</b>	<b>59,784</b>	<b>153,797</b>	<b>159,110</b>

## 7.1 Aging list of domestic and foreign market

Aging list of amounts trade and other receivables at March 31, 2022 and December 31, 2021, are as follow:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Falling due	309,626	279,178	451,226	407,924
Unbilled	27,108	24,854	53,445	47,377
<b>Overdue</b>				
1 to 30 days	14,836	10,788	22,119	17,309
31 to 60 days	4,685	4,000	8,920	7,187
61 to 90 days	3,567	2,083	5,681	3,610
91 to 180 days	6,931	5,818	10,692	9,704
181 to 360 days	6,687	10,328	10,592	16,467
More than 360 days	37,602	44,659	44,916	56,324
<b>Gross trade and other receivables</b>	<b>411,042</b>	<b>381,708</b>	<b>607,591</b>	<b>565,902</b>
(-) Impairment loss on trade and other receivables (i)	(52,179)	(59,784)	(69,278)	(83,383)
<b>Net trade and other receivables</b>	<b>358,863</b>	<b>321,924</b>	<b>538,313</b>	<b>482,519</b>

(i) The impairment loss on trade and other receivables is net of the write-off due to loss recorded against trade and other receivables for R\$12,836 for Individual and R\$22,940 for consolidated.

Management believes that the risk related to software trade and other receivables in general is mitigated by the fact that the customer portfolio of the Company and its subsidiaries are diluted and also throughout various operating segments. In general, the Company and its subsidiaries do not require any guarantee on installment sales.

## 7.2 Composition of credit rights by maturity

The following are the credit rights balance from credit product:

	Consolidated	
	3/31/2022	12/31/2021
Credit rights receivable	1,898,066	1,641,861
(-) Impairment loss on trade and other receivables	(84,519)	(75,727)
<b>Net credit rights</b>	<b>1,813,547</b>	<b>1,566,134</b>

The aging list from credit rights from credit product as March 31, 2022:

	Consolidated	
	3/31/2022	12/31/2021
Falling due	1,790,681	1,548,212
<b>Overdue</b>		
1 to 30 days	21,205	17,448
31 to 60 days	5,704	3,933
61 to 90 days	5,296	2,874
91 to 180 days	8,255	5,270
181 to 360 days	7,824	6,874
More than 360 days	59,101	57,250
<b>Gross trade and other receivables</b>	<b>1,898,066</b>	<b>1,641,861</b>
(-) Impairment loss on trade and other receivables	(84,519)	(75,727)
<b>Total</b>	<b>1,813,547</b>	<b>1,566,134</b>



As at March 31, 2022, approximately 47% (44% in December 31, 2021) of the portfolio's contracts are insured by policies that cover an average of 90% (90% in December 31, 2021) of the outstanding balance of operations.

The provision amount was calculated based on the analysis of losses due to credit harvests that follow the assumptions of Supplier FIDC Regulation. Delay in operations was used as the main indicator of impairment.

## 8 Recoverable taxes

The amounts of recoverable taxes for the periods ended on March 31, 2022 and December 31, 2021 are as follows:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Income tax to offset (i)	27,805	23,716	48,141	50,311
Social contribution tax to offset (i)	15,991	13,623	23,084	25,707
Other (ii)	9,230	9,873	13,915	14,464
	<b>53,026</b>	<b>47,212</b>	<b>85,140</b>	<b>90,482</b>
Current assets	53,026	47,212	85,140	90,482

(i) Refers to withholding income and social contribution tax credits in the current year and income and social contribution tax credits to offset from previous years, as well as payments of estimated taxes in the current year.

(ii) Constitution of Social security credits with estimated realization in the short term.

## 9 Income taxes

Current and deferred income and social contribution taxes were recorded pursuant to the current rates in force. Deferred income and social contribution taxes are calculated on income and social contribution tax losses carryforwards, respectively, as well as temporary differences.

### 9.1 Reconciliation of income tax expenses

The reconciliation of expenses calculated by applying the Income and Social Contribution Tax rates is as follows:

	Individual		Consolidated	
	3/31/2022	3/31/2021	3/31/2022	3/31/2021
<b>Income before taxes</b>	<b>100,212</b>	<b>96,475</b>	<b>122,546</b>	<b>120,085</b>
Income and social contribution taxes at combined nominal rate of 34%	(34,072)	(32,802)	(41,666)	(40,829)
<b>Adjustments for the statement of effective rate</b>				
Share of profit/ (losses) of equity-accounted investees	10,449	14,593	-	-
Law No. 11196/05 (Incentive for research and development)	3,090	2,470	5,096	4,442
Interest on shareholders' equity	-	-	22	-
Effect of subsidiaries subject to special rates	-	-	(3,730)	(3,559)
Participation of Administrators	(608)	(443)	(1,017)	(466)
Workers' Meal Program (PAT)	447	495	791	781
Other	(63)	(143)	2,935	191
<b>Income and social contribution tax expense</b>	<b>(20,757)</b>	<b>(15,830)</b>	<b>(37,569)</b>	<b>(39,440)</b>
Current income taxes	(24,887)	(27,569)	(46,124)	(52,748)
Deferred income taxes	4,130	11,739	8,555	13,308
<b>Effective rate</b>	<b>20.7%</b>	<b>16.4%</b>	<b>30.7%</b>	<b>32.8%</b>

## 9.2 Breakdown of deferred income taxes

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<b>Income tax losses</b>				
			<b>32,790</b>	<b>34,396</b>
<b>Deriving from temporary differences:</b>				
Difference between tax and accounting bases of goodwill	3,233	4,184	14,688	16,135
Tax benefit from goodwill amortization	(106,053)	(104,927)	(165,506)	(163,635)
Intangible asset allocation	(2,086)	(2,471)	(8,097)	(8,727)
Intangible asset allocation – after Law No. 12973	23,531	22,954	74,664	67,172
Provision for commissions	21,586	18,129	25,022	21,544
Deferred income or revenues and/or to be invoice	9,409	12,422	14,126	19,585
Impairment loss on trade and other receivables	17,741	20,327	22,436	27,383
Provision for contingencies and other obligations	33,489	30,866	39,089	36,642
Provision for trade and other payables	15,862	14,947	20,343	19,617
Provision for share-based payments	31,393	25,950	35,095	28,912
Present value adjustment	924	890	16,461	13,256
Participation in profits and results	5,926	9,135	8,553	13,294
Other (i)	11,904	10,323	22,476	19,048
<b>Net deferred income and social contribution taxes</b>	<b>66,859</b>	<b>62,729</b>	<b>152,140</b>	<b>144,622</b>
Deferred tax assets	66,859	62,729	153,457	144,622
Deferred tax liabilities	-	-	1,317	-

(i) Contemplates deferred income and social taxes of temporary differences from leases.

Net deferred income taxes of the Company and its subsidiaries are presented net under non-current assets or non-current liabilities by legal entities.

Changes in deferred income taxes are as follows:

	Individual	Consolidated
<b>Balance on December 31, 2021</b>	<b>62,729</b>	<b>144,622</b>
Expense in statement of profit or loss	4,130	8,555
Other	-	(1,037)
<b>Balance on March 31, 2022</b>	<b>66,859</b>	<b>152,140</b>

## 10 Related party balances and transactions

Related-parties transactions are carried out under conditions and prices established by the parties, and balances between the Individual and its subsidiaries are eliminated for purposes of consolidation.

### 10.1 Trade and other receivables from and payable to subsidiaries and associates companies

The main balances of assets and liabilities on March 31, 2022 and December 31, 2021 and revenues and costs on March 31, 2022 and 2021 are presented:

Company	3/31/2022				12/31/2021			3/31/2021	
	Other Assets (v)	Trade and other payables	Revenues	Costs	Trade and other receivables	Other Assets (v)	Trade and other payables	Revenues	Costs
Wealth Systems (i)	-	2	662	156	48	-	13	6	57
Supplier (ii)	364	22	498	1,790	-	265	195	27	109
Consinco (iii)					-	197			
TTS	18	-	-	-	-	-	-	-	-
Tail	-	3	74	149	-	-	-	-	-
Dimensa (iv)	1,970	692	1,909	1,867	-	1,743	-	-	-
<b>Total</b>	<b>2,352</b>	<b>719</b>	<b>3,143</b>	<b>3,962</b>	<b>48</b>	<b>2,205</b>	<b>208</b>	<b>33</b>	<b>166</b>

- (i) Refers to partnership contract between Wealth Systems and TOTVS for the sale of CRM ("Customer Relationship Management") solutions.
- (ii) Refers to partnership contract between Supplier and TOTVS for the sale of Techfin solutions, software licenses and contract of sharing costs and expenses.
- (iii) Merged company according to note 2.4.
- (iv) Refers to contract of sharing costs and expenses and transfer of customers from public sector invoiced by TOTVS S.A..
- (v) Refers to share-based compensation plans.

## 10.2 Transactions or relationships with shareholders and key Management personnel

The Company maintains property lease agreements with companies, in which some of the shareholders are key management members and also hold TOTVS shares, directly or indirectly. The amount paid as lease and condominium fees to related parties recognized for the three-months period ended March 31, 2022 was R\$351 (R\$318 as of March 31, 2021). All lease agreements with related parties are subject to adjustments by reference to the IGP-M inflation rate, every 12 months.

The Company has software license agreements and commercial partnerships with GoodData, which on March 31, 2022 represented the amount of R\$2,442 (R\$2,215 as of March 31, 2021). Through its subsidiary TOTVS Inc., the Company holds a minority interest in the GoodData capital, as well as a representative on the board. This investment was classified at fair value through profit or loss according to note 4.2.

The Company focuses its strategic social investment on the Instituto da Oportunidade Social (IOS), being the main sponsor of the Institute. Also, the Institute has the support of other partner companies and government partnerships. The amount of sponsorship in the three-months period ended March 31, 2022 was R\$1,773 (R\$3,246 as of March 31, 2021), all of which with monetary resources.

Some of the Company's shareholders and key management personnel directly or indirectly hold 14.29% of the Company's shares as of March 31, 2022 (14.29% as of December 31, 2021). The indirect interest is held through LC-EH Empreendimentos e Participações S.A.

The Company and its subsidiaries also incurred small expenses and income during the period with related parties, where the total amount of expenses was R\$20 and income of R\$47.

## 10.3 Key management personal compensation

Expenses related to the Company's managing and statutory officers' compensation are summarized as follows:

	<b>Individual and Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>
Management compensation		
Salaries, fees and payroll charges	3,215	2,962
Direct and Indirect benefits (i)	426	423
Variable bonus	1,638	1,303
Share-based payments	6,888	4,254
<b>Total</b>	<b>12,167</b>	<b>8,942</b>

(i) Includes depreciation expense for vehicles on loan by some Management members.

## 11 Other assets

Breakdown of other assets at March 31, 2022 and December 31, 2021 is follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>
Prepaid expenses (i)	76,366	78,800	88,494	87,845
Franchises loan (ii)	58,282	67,022	58,387	67,122
Advances to employees	16,163	14,355	23,932	21,430
Advances to suppliers	1,145	817	9,672	4,520
Negotiation and intermediation – Supplier FIDC (iii)	-	-	4,107	32,694
Receivables from investments disposed of (iv)	176	6,084	7,222	14,454
Other assets	1,045	861	6,375	5,744
<b>Total</b>	<b>153,177</b>	<b>167,939</b>	<b>198,189</b>	<b>233,809</b>
Current assets	75,710	84,841	113,120	143,474
Non-current assets	77,467	83,098	85,069	90,335

(i) Includes the amounts of taxes paid and renewals of contracts with suppliers referring to expenses that will be incurred during next years.

(ii) Most franchise loans are adjusted monthly by Interbank Deposit Certificate (CDI) or Extended National Consumer Price Index (IPCA).

(iii) Variation by the turnover of the advance transfer for Supplier FIDC.

(iv) Includes amounts receivable for the sale of Ciashop and hardware operation in 2019.

## 12 Equity-accounted investees

The investments of the Company and its subsidiaries are assessed under the equity method. Breakdown of equity-accounted investees in subsidiaries and associated companies is shown below:

### 12.1 Equity-accounted investees in subsidiaries

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>12/31/2021</b>
Equity-accounted investees in subsidiaries and associates	3,800,898	3,689,623	2,695	3,075
Appreciation of assets	38,493	40,709	-	-
	<b>3,839,391</b>	<b>3,730,332</b>	<b>2,695</b>	<b>3,075</b>

## 12.2 Equity-accounted investees changes

Changes in equity-accounted investees for the three-months period ended March 31, 2022 were as follows:

	12/31/2021	Additions / (reductions)	Dividends (ii)	Equity pick-up		Total	Foreign exchange/ Inflation (i)	3/31/2022
				Equity pick-up	Amortization of PPA			
TOTVS Large	2,257,289	470	-	9,904	(2,214)	7,690	474	2,265,923
TOTVS Tecnologia	586,316	93,050	-	3,158	-	3,158	-	682,524
TTS	294,786	292	-	11,209	-	11,209	-	306,287
TOTVS Inc.	100,118	4,197	-	(4,052)	-	(4,052)	(15,082)	85,181
TOTVS Hospitality	37,666	-	-	3,451	-	3,451	-	41,117
VT Digital	3,462	-	(3,084)	1,143	-	1,143	-	1,521
TOTVS México	8,381	3,297	-	(3,446)	-	(3,446)	(1,304)	6,928
TOTVS Argentina	17,085	-	-	(147)	-	(147)	(2,290)	14,648
Dimensa	421,797	-	-	9,203	-	9,203	-	431,000
Eleve	2,233	74	-	1,008	-	1,008	-	3,315
CMNet Argentina	1,134	263	-	(700)	-	(700)	185	882
NCC	65	-	-	-	-	-	-	65
<b>Total</b>	<b>3,730,332</b>	<b>101,643</b>	<b>(3,084)</b>	<b>30,731</b>	<b>(2,214)</b>	<b>28,517</b>	<b>(18,017)</b>	<b>3,839,391</b>

(i) Includes the inflation adjustments of Argentine subsidiaries.

(ii) The dividends received are presented in the Statements of Cash Flow.

## 12.3 Direct subsidiaries information

Summarized financial statements of subsidiaries as at March 31, 2022					
	Assets	Liabilities	Shareholders' Equity	Net revenue	Profit or loss of the period
TOTVS Large (i)	2,689,194	461,764	2,227,430	139,773	9,904
TOTVS Tecnologia	2,825,313	2,142,789	682,524	134,403	3,158
TTS	338,488	32,201	306,287	35,096	11,209
TOTVS Inc.	89,586	4,405	85,181	421	(4,052)
TOTVS Hospitality	69,542	14,125	55,417	16,323	4,651
VT Digital	2,021	500	1,521	1,694	1,143
TOTVS México	16,231	9,303	6,928	7,898	(3,446)
TOTVS Argentina	25,054	10,406	14,648	11,613	(147)
Dimensa	810,112	120,511	689,601	43,238	14,725
Eleve	5,415	2,100	3,315	3,358	1,008
CMNet Argentina	1,700	818	882	713	(700)
NCC	-	-	65	-	-

(i) Goodwill from acquired TOTVS Large is recorded under Investments in the Individual. The difference between the profit and loss of the acquire and equity pick-up balance refers to the amortization of intangible assets allocated in determining the fair value of assets.

## 13 Property, plant and equipment

Property, plant and equipment of the Company and its subsidiaries are booked at the acquisition cost and depreciation of assets is calculated according to the straight-line method, and takes into consideration the estimated useful economic life of assets. The Company's property, plant and equipment is broken down as follow:

## Individual

	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	Total
<b>Cost</b>								
<b>Balance in 12/31/2021</b>	<b>245,007</b>	<b>12,217</b>	<b>27,063</b>	<b>26,927</b>	<b>95,421</b>	<b>281,917</b>	<b>8,603</b>	<b>697,155</b>
Additions	13,079	-	74	2	568	31,315	1	45,039
Write-offs	(1,812)	(6)	(104)	(5)	(5)	-	(2)	(1,934)
<b>Balance in 03/31/2022</b>	<b>256,274</b>	<b>12,211</b>	<b>27,033</b>	<b>26,924</b>	<b>95,984</b>	<b>313,232</b>	<b>8,602</b>	<b>740,260</b>
<b>Depreciation</b>								
<b>Balance in 12/31/2021</b>	<b>(158,357)</b>	<b>(6,307)</b>	<b>(19,446)</b>	<b>(20,355)</b>	<b>(54,722)</b>	<b>(111,561)</b>	<b>(6,722)</b>	<b>(377,470)</b>
Depreciation for the period	(8,106)	(1,023)	(689)	(576)	(2,498)	(11,534)	(330)	(24,756)
Write-offs	1,788	-	94	5	-	-	-	1,887
<b>Balance in 03/31/2022</b>	<b>(164,675)</b>	<b>(7,330)</b>	<b>(20,041)</b>	<b>(20,926)</b>	<b>(57,220)</b>	<b>(123,095)</b>	<b>(7,052)</b>	<b>(400,339)</b>
<b>Residual value</b>								
<b>Balance in 03/31/2022</b>	<b>91,599</b>	<b>4,881</b>	<b>6,992</b>	<b>5,998</b>	<b>38,764</b>	<b>190,137</b>	<b>1,550</b>	<b>339,921</b>
<b>Balance in 12/31/2021</b>	<b>86,650</b>	<b>5,910</b>	<b>7,617</b>	<b>6,572</b>	<b>40,699</b>	<b>170,356</b>	<b>1,881</b>	<b>319,685</b>
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

## Consolidated

	Computers and electronic equipment	Vehicles	Furniture and fixtures	Facilities machinery and equipment	Leasehold improvements	Rights of use (i)	Other	Total
<b>Cost</b>								
<b>Balance in 12/31/2021</b>	<b>282,962</b>	<b>15,605</b>	<b>35,512</b>	<b>33,039</b>	<b>124,515</b>	<b>359,382</b>	<b>9,996</b>	<b>861,011</b>
Additions	13,382	406	81	11	727	25,991	41	40,639
Additions due to business combination	583	-	263	33	-	-	(1)	878
Transfers	-	-	-	(10)	3	-	7	-
Exchange variation (ii)	(687)	(80)	(186)	(31)	(344)	(1,770)	(12)	(3,110)
Write-offs	(1,976)	(107)	(249)	(12)	(5)	-	(28)	(2,377)
<b>Balance in 03/31/2022</b>	<b>294,264</b>	<b>15,824</b>	<b>35,421</b>	<b>33,030</b>	<b>124,896</b>	<b>383,603</b>	<b>10,003</b>	<b>897,041</b>
<b>Depreciation</b>								
<b>Balance in 12/31/2021</b>	<b>(181,175)</b>	<b>(7,322)</b>	<b>(24,621)</b>	<b>(23,203)</b>	<b>(69,818)</b>	<b>(142,292)</b>	<b>(7,711)</b>	<b>(456,142)</b>
Depreciation for the period	(9,476)	(1,299)	(869)	(724)	(3,401)	(14,840)	(411)	(31,020)
Additions due to business combination	(144)	-	(30)	(4)	-	-	-	(178)
Exchange variation (ii)	527	28	153	21	254	697	5	1,685
Write-offs	1,823	-	124	6	-	-	18	1,971
<b>Balance in 03/31/2022</b>	<b>(188,445)</b>	<b>(8,593)</b>	<b>(25,243)</b>	<b>(23,904)</b>	<b>(72,965)</b>	<b>(156,435)</b>	<b>(8,099)</b>	<b>(483,684)</b>
<b>Residual value</b>								
<b>Balance in 03/31/2022</b>	<b>105,819</b>	<b>7,231</b>	<b>10,178</b>	<b>9,126</b>	<b>51,931</b>	<b>227,168</b>	<b>1,904</b>	<b>413,357</b>
<b>Balance in 12/31/2021</b>	<b>101,787</b>	<b>8,283</b>	<b>10,891</b>	<b>9,836</b>	<b>54,697</b>	<b>217,090</b>	<b>2,285</b>	<b>404,869</b>
Average annual depreciation rate	20% a 25%	33%	10% a 25%	6.7% a 25%	10% a 33%	10% a 33%	20%	

(i) The Company and its subsidiaries applied exceptions to the standard for short-term and low value contracts, recorded in lease expenses in the amount of R\$545 in Individual and R\$683 in Consolidated as of March 31, 2022.

(ii) Includes the inflation adjustments of Argentine subsidiaries.

Breakdown of right of use and lease liabilities for the period ended March 31, 2022 is as follows:

	Consolidated			
	Right to use real estate	Right of use computers and equipments	Total assets	Lease liabilities
<b>Balance on December 31, 2021</b>	<b>207,545</b>	<b>9,545</b>	<b>217,090</b>	<b>231,874</b>
Contract Remeasurement (i)	25,975	16	25,991	25,991
Amortization	(13,315)	(1,525)	(14,840)	-
Interest incurred and exchange variation	(988)	(85)	(1,073)	(356)
Interest paid	-	-	-	(3,051)
Principal paid	-	-	-	(9,006)
<b>Balance on March 31, 2022</b>	<b>219,217</b>	<b>7,951</b>	<b>227,168</b>	<b>245,452</b>

(i) Represents the annual update of the leases applied to the right of use real estate according to the indexes established in contracts.

## 14 Intangible assets and Goodwill

Intangible assets and changes in balances are as follows:

	Individual					
	Software	Trademarks & patents	Customer portfolio	R&D (i)	Other (ii)	Goodwill
<b>Cost</b>						
<b>Balance in 12/31/2021</b>	<b>422,194</b>	<b>63,150</b>	<b>252,058</b>	<b>39,439</b>	<b>19,786</b>	<b>292,873</b>
Additions	3,750	-	8,949	4,131	-	-
<b>Balance in 03/31/2022</b>	<b>425,944</b>	<b>63,150</b>	<b>261,007</b>	<b>43,570</b>	<b>19,786</b>	<b>292,873</b>
<b>Amortization</b>						
<b>Balance in 12/31/2021</b>	<b>(358,572)</b>	<b>(56,428)</b>	<b>(219,710)</b>	<b>(4,678)</b>	<b>(19,786)</b>	<b>-</b>
Amortization for the period	(6,373)	(1,050)	(2,349)	(3,378)	-	-
<b>Balance in 03/31/2022</b>	<b>(364,945)</b>	<b>(57,478)</b>	<b>(222,059)</b>	<b>(8,056)</b>	<b>(19,786)</b>	<b>-</b>
<b>Residual value</b>						
<b>Balance in 03/31/2022</b>	<b>60,999</b>	<b>5,672</b>	<b>38,948</b>	<b>35,514</b>	<b>-</b>	<b>292,873</b>
<b>Balance in 12/31/2021</b>	<b>63,622</b>	<b>6,722</b>	<b>32,348</b>	<b>34,761</b>	<b>-</b>	<b>292,873</b>
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%	

	Consolidated						Total
	Software	Trademarks & patents	Customer portfolio	R&D (i)	Other (ii)	Goodwill	
<b>Cost</b>							
<b>Balance in 12/31/2021</b>	<b>798,263</b>	<b>172,224</b>	<b>604,702</b>	<b>56,691</b>	<b>96,157</b>	<b>2,831,714</b>	<b>4,559,751</b>
Additions	5,680	-	8,949	4,131	-	-	18,760
Additions due to business combination	8,003	12	7,483	-	2,176	134,190	151,864
Exchange variation (iii)	(95)	-	-	-	-	-	(95)
<b>Balance in 03/31/2022</b>	<b>811,851</b>	<b>172,236</b>	<b>621,134</b>	<b>60,822</b>	<b>98,333</b>	<b>2,965,904</b>	<b>4,730,280</b>
<b>Amortization</b>							
<b>Balance in 12/31/2021</b>	<b>(457,174)</b>	<b>(106,082)</b>	<b>(325,274)</b>	<b>(17,008)</b>	<b>(67,971)</b>	-	<b>(973,509)</b>
Amortization for the period	(18,961)	(7,321)	(10,251)	(3,669)	(568)	-	(40,770)
Exchange variation (iii)	38	-	-	-	-	-	38
<b>Balance in 03/31/2022</b>	<b>(476,097)</b>	<b>(113,403)</b>	<b>(335,525)</b>	<b>(20,677)</b>	<b>(68,539)</b>	-	<b>(1,014,241)</b>
<b>Residual value</b>							
<b>Balance in 03/31/2022</b>	<b>335,754</b>	<b>58,833</b>	<b>285,609</b>	<b>40,145</b>	<b>29,794</b>	<b>2,965,904</b>	<b>3,716,039</b>
<b>Balance in 12/31/2021</b>	<b>341,089</b>	<b>66,142</b>	<b>279,428</b>	<b>39,683</b>	<b>28,186</b>	<b>2,831,714</b>	<b>3,586,242</b>
Average annual amortization rates	10% a 20%	6.7% a 8%	10% a 12.5%	20% a 50%	10% a 50%		

- (i) The development capitalization totaled R\$4,131 in the three-months period ended March 31, 2022, that majority are related to the Company's strategic plan. R&D amortization starts when development is completed and the asset is available for use or sale.
- (ii) Includes primarily non-compete rights arising from the purchase price allocation from business combinations.
- (iii) Includes the inflation adjustments of Argentine subsidiaries.

Amortization of intangible assets is based on their estimated useful lives. Intangible assets identified, the amounts recognized, and useful lives of assets resulting from a business combination are premised on a technical study by an independent specialist firm.

#### 14.1 Changes in goodwill

The breakdown of goodwill as of March 31, 2022 and December 31, 2021 is as follows:



	12/31/2021	Business combination	3/31/2022
RD Station	1,729,952	-	1,729,952
TOTVS Large (ii)	220,298	-	220,298
Supplier	288,558	-	288,558
Consinco	160,436	-	160,436
RM	90,992	-	90,992
Credit Core (Vadu) (i)	-	84,000	84,000
W&D	64,070	-	64,070
Virtual Age	46,497	-	46,497
Mobile2You (i)	-	31,144	31,144
RMS	35,740	-	35,740
SRC	33,688	-	33,688
Datasul	30,084	-	30,084
Inovamind Tech (i)	-	19,046	19,046
WS	17,334	-	17,334
Gens FDES	16,340	-	16,340
Seventeen	15,463	-	15,463
TOTVS Agroindústria	13,128	-	13,128
Tail	13,115	-	13,115
Neolog	12,565	-	12,565
BCS	11,821	-	11,821
Other	31,633	-	31,633
<b>Total</b>	<b>2,831,714</b>	<b>134,190</b>	<b>2,965,904</b>

(i) Acquisition of InovaMind, Mobile2you and Vadu as mentioned in note 3.

(ii) Goodwill arising from the acquisition of the software operation of TOTVS Large.

## 14.2 Impairment of assets

The Company annually tests goodwill for impairment using the “value in use” methodology, through the discounted cash flow model of cash generating units, which represent the tangible and intangible assets used in the development and sale of different solutions for its clients.

In the three-months period ended March 31, 2022, the Company evaluated assumptions used on December 31, 2021 for the recoverability of its assets considering the possible impacts caused by the COVID-19 pandemic and did not identify the need for a provision for loss in the condensed individual and consolidated interim financial statements.

## 15 Labor liabilities

Balances of salaries and charges payable are broken down as follows:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<b>Labor liabilities:</b>				
Salaries payable	32,316	32,503	57,292	57,772
Vacation payable	77,802	73,732	126,076	119,135
13th monthly salary payable	14,267	-	23,279	-
Profit sharing and bonus	18,657	29,167	27,593	51,351
Withholding Income Tax (IRRF) payable	14,088	18,096	23,192	30,087
Actuarial liabilities due to health care plan and retirement benefits (i)	4,676	4,559	4,676	4,559
Other	2,243	2,581	4,580	4,462
	<b>164,049</b>	<b>160,638</b>	<b>266,688</b>	<b>267,366</b>
<b>Payroll liabilities</b>				
FGTS (Unemployment Compensation Fund) payable	4,047	6,044	6,503	9,698
INSS (Social Security Tax) payable	6,761	6,551	12,137	12,225
	<b>10,808</b>	<b>12,595</b>	<b>18,640</b>	<b>21,923</b>
<b>Total</b>	<b>174,857</b>	<b>173,233</b>	<b>285,328</b>	<b>289,289</b>

- (i) Refers to the actuarial provision for the health care plan of the participants who contributed or still contribute with fixed installments to the plan costing and who will be entitled to remain in the plan after retirement.

## 16 Taxes and contributions liabilities

Taxes and contributions liabilities are broken down as follows:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Federal Social Security Tax on Gross Revenue (CPRB)	17,112	16,560	23,814	23,279
Service Tax (ISS) payable	6,062	6,066	9,156	9,106
PIS and COFINS payable	24,000	22,583	33,143	30,907
IRPJ and CSLL payable	-	-	6,665	31,132
Withholding IR and CSLL	1,041	1,048	4,463	3,653
Other taxes	1,639	(415)	3,905	1,390
<b>Total</b>	<b>49,854</b>	<b>45,842</b>	<b>81,146</b>	<b>99,467</b>
Current liabilities	49,854	45,842	78,760	96,790
Non-current liabilities (i)	-	-	2,386	2,677

- (i) Non-current liabilities correspond to installment payment of federal taxes of the acquired.

## 17 Loans and lease liabilities

Loans are initially recognized at fair value, net of transaction costs incurred, and are shown at amortized cost. Any difference between the borrowed amounts (net of transaction costs) and the total amount payable is recognized in the statement of profit or loss during the period when the loans are due, using the effective interest rate method.

The loan and financing transactions are as follows:

	Annual financial charges	Individual		Consolidated	
		3/31/2022	12/31/2021	3/31/2022	12/31/2021
Leases	2.00% to 15.25% p.a. (i)	205,722	182,547	245,452	231,874
Working capital	CDI + 1.9% p.a.	-	-	-	103,740
		<b>205,722</b>	<b>182,547</b>	<b>245,452</b>	<b>335,614</b>
Current liabilities		47,414	39,637	59,176	156,306
Non-current liabilities		158,308	142,910	186,276	179,308

(i) Rates for the lease of real property right of use range from 2.00% to 14.63% (nominal interest rate) and 7.82% to 15.25% for the lease of the right to use electronic equipment.

Amounts recorded in non-current liabilities as at March 31, 2022 and December 31, 2021 have the following maturity schedule:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
2023	34,122	39,260	42,805	53,185
2024	43,803	37,127	54,824	49,109
2025	40,556	33,896	47,554	41,494
2026 onwards	39,827	32,627	41,093	35,520
<b>Non-current liabilities</b>	<b>158,308</b>	<b>142,910</b>	<b>186,276</b>	<b>179,308</b>

Below is the breakdown of loans and financing as of March 31, 2022:

	3/31/2022	
	Individual	Consolidated
<b>Opening balance</b>	<b>182,547</b>	<b>335,614</b>
Additions from right of use leases	31,315	25,991
Addition due to business combination	-	5,187
Interest incurred	2,509	2,441
Interest amortization	(2,509)	(9,588)
Principal amortization	(8,140)	(114,193)
<b>Closing balance</b>	<b>205,722</b>	<b>245,452</b>

#### a) Lease liabilities

Lease obligations are guaranteed by chattel mortgage of leased assets. The table below shows gross liabilities of finance leases as of March 31, 2022 and December 31, 2021:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<b>Gross lease liabilities – minimum lease payments</b>				
Less than one year	56,861	48,101	70,507	64,115
More than one year and less than five years	168,458	153,367	198,258	191,680
More than five years	5,898	4,825	6,115	5,302
	<b>231,217</b>	<b>206,293</b>	<b>274,880</b>	<b>261,097</b>
Future financing charges on finance leases	(25,495)	(23,746)	(29,428)	(29,223)
<b>Present value of lease liabilities</b>	<b>205,722</b>	<b>182,547</b>	<b>245,452</b>	<b>231,874</b>
Current liabilities	47,414	39,637	59,176	52,566
Non-current liabilities	158,308	142,910	186,276	179,308

## 18 Debentures

### 18.1 Composition

At March 31, 2022, the balance was broken down as follows:

Description	Debentures	Unit Price	Annual financial charges	Maturity	Individual and Consolidated	
					3/31/2022	12/31/2021
3rd Issue of Debentures - Single Series (i)	1,500,000	1	100% from CDI + Spread 1.90%	05/21/2024	1,554,444	1,509,126
<b>Total</b>					<b>1,554,444</b>	<b>1,509,126</b>
Current liabilities					430,872	385,988
Non-current liabilities					1,123,572	1,123,138

3rd Issue of debentures: on May 21, 2021, the Company approved the 3rd issue of Simple, non-convertible, unsecured debentures, in a single series for public distribution with restricted placement efforts in the total amount of R\$1,500,000, at face value of R\$1. The Unit Face Value or the Unit Face Value leftover, as the case may be, will bear interest corresponding to 100.00% of the accumulated variation of the average daily rates of the DI Interbank Deposits – DI, plus an exponential spread equivalent to 1.90% per year on a two hundred and fifty-two (252) Business Day basis. Interest will be amortized always on the 21st of May and November of each year, with the first payment due on November 21, 2021 and the last payment due on the due date.

### 18.2 Changes

	Individual and Consolidated 3/31/2022
<b>Opening Balance</b>	<b>1,509,126</b>
Interest incurred	44,004
Amortized costs and expenses	1,314
<b>Ending balance</b>	<b>1,554,444</b>

The maturities of redemption in non-current liabilities are presented as follows:

	Individual and Consolidated 3/31/2022
<b>Maturity</b>	
2023	373,935
2024	749,637
<b>Non-current liabilities</b>	<b>1,123,572</b>

### 18.3 Covenants

The debentures have redeemed in advance clauses normally applicable to these types of operations related to compliance with economic-financial ratios. The financial index applied to

this deed derives from the coefficient of dividing the net debt by the Adjusted EBITDA, which must be equal to or less than 4 times. This indicator does not consider the debt and EBITDA of the Supplier group.

These restrictive clauses, no audited, have been complied with and do not limit the ability to conduct the normal course of operations.

## 19 Business partners' payables

The amount of business partner's payables refers to the amount of outstanding receivables acquired from the establishments affiliated with Supplier Administradora de Cartões de Crédito S.A. to act as a means of payment between the establishment and its customers. The rates are defined for each partner considering the risk analysis of the client's profile and the payments to these business partners related to the acquired credit rights have maturities of less than 30 days.

The amount of transfers from partners on March 31, 2022 was R\$608,739 (R\$520,118 em December 31, 2021).

## 20 Accounts payable from acquisition of subsidiaries

Accounts payable from the acquisitions of subsidiaries refer to amounts due to the previous shareholders of the acquired companies, with payment in installments or guarantees given. These amounts are recorded in current and non-current liabilities, as follows:

	Individual					
	3/31/2022			12/31/2021		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,179	5,179	-	5,042	5,042
Seventeen	-	3,338	3,338	-	3,253	3,253
Other	-	423	423	-	412	412
<b>Total</b>	-	<b>8,940</b>	<b>8,940</b>	-	<b>8,707</b>	<b>8,707</b>
Current liabilities	-	8,940	8,940	-	8,707	8,707

	Consolidated					
	3/31/2022			12/31/2021		
	Contingent payments	Other amounts payable	Total	Contingent payments	Other amounts payable	Total
Datasul MG	-	5,179	5,179	-	5,042	5,042
Seventeen	-	3,338	3,338	-	3,253	3,253
Supplier	78,754	13,373	92,127	155,547	-	155,547
Consinco	11,969	-	11,969	28,891	-	28,891
RD Station	216,407	36,386	252,793	212,777	35,427	248,204
Tail	7,569	-	7,569	16,368	-	16,368
RMS	-	606	606	-	590	590
RJ Participações	7,190	-	7,190	6,974	-	6,974
InovaMind	9,697	-	9,697	-	-	-
Mobile2you	21,619	1,050	22,669	-	-	-
Vadu	30,000	17,500	47,500	-	-	-
Other	-	559	559	-	545	545
<b>Total</b>	<b>383,205</b>	<b>77,991</b>	<b>461,196</b>	<b>420,557</b>	<b>44,857</b>	<b>465,414</b>
Current liabilities	66,976	28,877	95,853	138,741	15,098	153,839
Non-current liabilities	316,229	49,114	365,343	281,816	29,759	311,575

The maturity of non-current liabilities is shown below:

Year	Consolidated	
	3/31/2022	12/31/2021
2023	24,775	-
2024	245,681	57,815
2025	-	242,536
2026	38,506	11,224
2027 onwards	56,381	-
<b>Non-current liabilities</b>	<b>365,343</b>	<b>311,575</b>

As of March 31, 2022 and December 31, 2021, the liabilities for the acquisition of investments had guarantees in the form of marketable securities, which consisted of CDB operations in the following amounts:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Escrow account - current	8,851	8,618	9,593	9,341
Escrow account - non-current	-	-	36,386	35,427
<b>Total</b>	<b>8,851</b>	<b>8,618</b>	<b>45,979</b>	<b>44,768</b>

## 21 Provision for contingencies

In the ordinary course of their operations, the Company and its subsidiaries are parties to various legal proceedings relating to tax, social security, labor and civil matters. Provision for contingencies is set up by Management, supported by its legal counsel and an analysis of judicial proceedings pending judgment, has constituted at an amount considered sufficient to cover probable losses on the outcome of ongoing actions. The provisioned amounts reflect the best current estimate from the Management of the Company and its subsidiaries.

The amount of provisions set up as at March 31, 2022 and December 31, 2021 are as follows:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Tax	7,461	7,360	9,217	9,090
Labor	66,421	61,741	76,789	72,913
Civil	24,615	21,681	28,781	25,643
	<b>98,497</b>	<b>90,782</b>	<b>114,787</b>	<b>107,646</b>

#### a) Changes in provisions

Changes in provisions for the three-months period ended March 31, 2022 are as follows:

	Individual			
	Tax	Labor	Civil	Total
<b>Balances at December 31, 2021</b>	<b>7,360</b>	<b>61,741</b>	<b>21,681</b>	<b>90,782</b>
(+) Additional provision	2	8,662	4,169	12,833
(+) Monetary adjustment	100	1,182	961	2,243
(-) Reversal of provision	-	(1,503)	(719)	(2,222)
(-) Write-off due to payment	(1)	(3,661)	(1,477)	(5,139)
<b>Balances at March 31, 2022</b>	<b>7,461</b>	<b>66,421</b>	<b>24,615</b>	<b>98,497</b>

	Consolidated			
	Tax	Labor	Civil	Total
<b>Balances at December 31, 2021</b>	<b>9,090</b>	<b>72,913</b>	<b>25,643</b>	<b>107,646</b>
(+) Additional provision	14	9,547	4,562	14,123
(+) Monetary adjustment	127	1,359	1,153	2,639
(+) Acquisition of subsidiaries	-	2	-	2
(-) Reversal of provision	-	(1,979)	(737)	(2,716)
(-) Write-off due to payment	(14)	(5,053)	(1,840)	(6,907)
<b>Balances at March 31, 2022</b>	<b>9,217</b>	<b>76,789</b>	<b>28,781</b>	<b>114,787</b>

The provisions reflect Management's best current estimate, which is based on information, external counsel has updated analyses and outcomes of previous legal proceedings in which the Company and its subsidiaries was defendant. TOTVS's risk monitoring and control constantly review this estimate.

Further information regarding other significant ongoing lawsuits is provided in Note 22 to the financial statements as of December 31, 2021.

#### b) Judicial deposits

Judicial deposits linked or not to the provision for contingencies, are stated below and are recorded under non-current assets:

	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
<b>Judicial deposits</b>				
Tax	12,620	12,421	13,270	13,065
Labor	10,193	9,980	12,128	12,127
Civil	2,940	3,550	3,863	4,466
	<b>25,753</b>	<b>25,951</b>	<b>29,261</b>	<b>29,658</b>

## 21.1 Contingencies with possible risk of loss

The Company and its subsidiaries are parties to other lawsuits which, based on the opinion of Company Management and its legal advisors, are classified as possible losses and for which no provision has been recognized, as follows:

Nature	Individual		Consolidated	
	3/31/2022	12/31/2021	3/31/2022	12/31/2021
Tax	154,231	141,661	196,603	187,354
Labor	70,199	78,925	84,888	94,934
Civil	196,265	193,421	218,587	214,658
	<b>420,695</b>	<b>414,007</b>	<b>500,078</b>	<b>496,946</b>

There were no new individual relevant lawsuits in the three months period ended in March 31, 2022.

The breakdown of the other significant ongoing lawsuits are detailed in Note 22.2 to the financial statements for the year ended December 31, 2021.

## 22 Senior shares and mezzanine obligations

Financial liabilities amount to R\$1,386,759 (R\$1,372,726 as of December 31, 2021) and fully comprise Supplier FIDC's senior shares and mezzanine obligations. The index used for the profitability of senior shares is CDI +2.3%, for mezzanine I shares, it is CDI +3%, and for mezzanine II shares, CDI +4%.

Bellow, we present the charges of senior shares and mezzanine obligations on March 31, 2022:

	3/31/2022
	Consolidated
<b>Balance on 12/31/2021</b>	<b>1,372,726</b>
Applications	25
Redemption	(28,121)
Interest incurred	42,129
<b>Balance on 03/31/2022</b>	<b>1,386,759</b>

## 23 Shareholders' equity

### a) *Share Capital*

As at March 31, 2022 the Company's share capital was composed of 617,183,181 registered common shares issued and fully paid, with no par value (617,183,181 as of December 31, 2021), as follows:



Shareholder	3/31/2022		12/31/2021	
	Shares	%	Shares	%
LC EH Participações e Empreendimentos S/A	80,282,970	13.01%	80,282,970	13.01%
Constellation Investimentos e Participações	42,914,618	6.95%	42,914,618	6.95%
GIC Private Limited	40,450,455	6.55%	39,308,774	6.37%
Canada Pension Plan	32,754,201	5.31%	32,754,201	5.31%
Laércio José de Lucena Cosentino	6,631,704	1.07%	6,631,704	1.07%
CSHG Senta Pua Fia	144,800	0.02%	144,800	0.02%
Outros	404,903,265	65.62%	406,041,238	65.79%
<b>Outstanding shares</b>	<b>608,082,013</b>	<b>98.53%</b>	<b>608,078,305</b>	<b>98.52%</b>
Treasury shares	9,101,168	1.47%	9,104,876	1.48%
<b>Total in units</b>	<b>617,183,181</b>	<b>100.00%</b>	<b>617,183,181</b>	<b>100.00%</b>

### b) Capital reserves

The balance of capital reserves at March 31, 2022 and December 31, 2021 was broken down as follows:

	3/31/2022	12/31/2021
Goodwill reserve (i)	824,480	824,480
Goodwill reserve due to merger	14,330	14,330
Premium on acquisition of non-controlling interests	(24,323)	(24,323)
Debentures converted into shares	44,629	44,629
Share-based compensation plan	97,606	83,921
Share issue expenses	(69,396)	(69,321)
Dilution of interest	352,540	352,540
Call option of non-controlling interests	(361,388)	(361,388)
	<b>878,478</b>	<b>864,868</b>

(i) Goodwill reserve is composed of R\$31,557 regarding integralization occurred in 2005 and R\$67,703 regarding societary reorganization with Bematech. In 2019 had an increase of goodwill reserve of R\$725,220 regarding the amount of capital contribution destined to the capital reserve.

### c) Treasury shares

As at March 31, 2022, changes in "Treasury Shares" were as follows:

	Number of shares (Units)	Value (in Thousand)	Average price per share (in Reais)
Balance as at December 31, 2021	9,104,876	R\$ 133,195	R\$ 14.63
Used	(3,708)	R\$ (54)	R\$ 14.56
Balance as at March 31, 2022	9,101,168	R\$ 133,141	R\$ 14.63

In the three-months period ended March 31, 2022, 3,708 treasury shares were used by the stock options and restricted share plans, which consumed R\$54 from the capital reserve.

## 24 Dividends and Interest on shareholders' equity

The Company's bylaws provide for mandatory minimum dividend equivalent to 25% of net income for the year, adjusted by the amount of the legal reserve set up, pursuant to Brazilian Corporation Law.

The balance of dividends and interest on equity payable in the statement of financial position amounted to R\$70,895 as at March 31, 2022 (R\$80,153 as of December 31, 2021).

## 25 Share-based compensation plan

The main events associated with the stock option plan from the Company are described in Note 26 to the Financial Statements for the year ended December 31, 2021.

There are no new grants of the current share-based compensation plan for the three-months periods ended March 31, 2022.

Changes in restricted shares for the period as follows:

Restricted shares	
	Amount (units)
Opening balance	8,411,454
Transactions:	
Exercised	(5,100)
Canceled	(45,865)
Closing balance	8,360,489

The cumulative effect on Shareholders' Equity in the three-month period ended March 31, 2022 was R\$13,739 (R\$7,115 as of March 31, 2021), recorded as share-based payment expenses.

RD Station has an individual share based compensation plan whose expense is recognized in the period by the rendered services was R\$1,543 in the three-months period ended March 31, 2022.

## 26 Operating Segments

The presentation of information by operating segment is consistent with the internal report provided to the main operational decision-makers of the Company and its subsidiaries in three reportable segments.

**Management segment:** represents TOTVS software operation. This segment comprises the dimensions of management software, with ERP, HR and Vertical.

**Business Performance segment:** includes solutions focused on generating opportunities and converting customer sales, such as sales, digital marketing and customer experience.

**Techfin segment:** includes the business of providing financial services, such as technology products aimed at financial services (example "Painel Financeiro"), partnerships (example

“crédito consignado”), products with assumption of some degree of credit risk and/or the definition and/or application of credit policies (examples as “Supplier Card”, “Antecipa” and “Mais Prazo”). This segment also consolidates the results of the subordinated shares of the Supplier FIDC, to which Supplier currently assigns the originated credits.

The statement of profit or loss for the period ended March 31, 2022 for these three reportable segments is as follows:

Statement of profit or loss	Management		Business Performance		Techfin		Consolidated	
	3/31/2022	3/31/2021	3/31/2022	3/31/2021	3/31/2022	3/31/2021	3/31/2022	3/31/2021
Net revenue from services	828,666	660,265	69,841	4,377	82,632	55,614	981,139	720,256
(-) Costs	(231,257)	(182,882)	(18,541)	(2,684)	(41,412)	(18,225)	(291,210)	(203,791)
<b>Gross profit</b>	<b>597,409</b>	<b>477,383</b>	<b>51,300</b>	<b>1,693</b>	<b>41,220</b>	<b>37,389</b>	<b>689,929</b>	<b>516,465</b>
(+) Research and development expenses	(140,126)	(113,064)	(17,334)	-	(6,722)	(4,499)	(164,182)	(117,563)
(+) Impairment loss on trade and other receivables	(6,664)	(4,856)	(665)	(194)	(10,227)	(1,818)	(17,556)	(6,868)
<b>Margin contribution</b>	<b>450,619</b>	<b>359,463</b>	<b>33,301</b>	<b>1,499</b>	<b>24,271</b>	<b>31,072</b>	<b>508,191</b>	<b>392,034</b>
(-) Operating expenses	-	-	-	-	-	-	(313,066)	(204,009)
(-) Depreciation and amortization	-	-	-	-	-	-	(71,790)	(59,303)
(-) Share of profit / (loss) of equity-accounted investees	-	-	-	-	-	-	7	-
(-) Finance income (expenses) and share of losses of equity-accounted investees	-	-	-	-	-	-	(796)	(8,637)
(-) Income tax expenses	-	-	-	-	-	-	(37,569)	(39,440)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,977</b>	<b>80,645</b>

The Company and its subsidiaries have disclosed information above for each reportable segment, as this information is regularly reviewed by the chief operating decision maker.

The following table conciliate the segments model presented above with the Statement of Profit or Loss for the periods ended on March 31, 2022 and 2021:

Statement of profit or loss	31/03/2022			3/31/2021		
	Consolidated segments	Conciliation	Statement of Profit or Loss	Consolidated segments	Conciliation	Statement of Profit or Loss
Net revenue from services	981,139	-	981,139	720,256	-	720,256
(-) Costs	(291,210)	(19,600)	(310,810)	(204,599)	(17,133)	(221,732)
<b>Gross profit</b>	<b>689,929</b>	<b>(19,600)</b>	<b>670,329</b>	<b>515,657</b>	<b>(17,133)</b>	<b>498,524</b>
(+) Research and development expenses	(164,182)	(12,387)	(176,569)	(117,563)	(8,796)	(126,359)
(+) Impairment loss on trade and other receivables	(17,556)	17,556	-	(6,868)	6,868	-
<b>Margin contribution</b>	<b>508,191</b>	<b>(14,431)</b>	<b>493,760</b>	<b>391,226</b>	<b>(19,061)</b>	<b>372,165</b>
(-) Operating expenses	(313,066)	(57,359)	(370,425)	(204,009)	(39,434)	(243,443)
(-) Depreciation and amortization	(71,790)	71,790	-	(59,303)	59,303	-
(-) Share of profit / (loss) of equity-accounted investees	7	-	7	-	-	-
(-) Finance income (expenses) and share of losses of equity-accounted investees	(796)	-	(796)	(7,829)	(808)	(8,637)
(-) Income tax expenses	(37,569)	-	(37,569)	(39,440)	-	(39,440)
<b>Profit for the period</b>	<b>84,977</b>	<b>-</b>	<b>84,977</b>	<b>80,645</b>	<b>-</b>	<b>80,645</b>

## 27 Earnings per share

The tables below show earnings and share data used to calculate basic and diluted earnings per share:

Basic earnings per share	3/31/2022	3/31/2021
<b>Profit or loss for the period</b>		
Continuing operations	79,455	80,645
<b>Profit attributable to the owners of the Company</b>	<b>79,455</b>	<b>80,645</b>
<b>Denominator (in thousands of shares)</b>		
Weighted average number of common shares outstanding	608,082	567,763
<b>Basic earnings per share (in Reais)</b>	<b>0.13067</b>	<b>0.14204</b>
<b>Basic earnings per share - continuing operations (in Reais)</b>	<b>0.13067</b>	<b>0.14204</b>

<b>Diluted earnings per share</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
<b>Profit or loss for the period</b>		
Continuing operations	79,455	80,645
<b>Profit attributable to the owners of the Company</b>	<b>79,455</b>	<b>80,645</b>
<b>Denominator (in thousands of shares)</b>		
Weighted average number of common shares outstanding	608,082	567,763
Weighted average number of stock options/restricted shares	8,378	6,848
Weighted average number of common shares adjusted according to dilution effect	<b>616,460</b>	<b>574,611</b>
<b>Diluted earnings per share (in Reais)</b>	<b>0.12889</b>	<b>0.14035</b>
<b>Diluted earnings per share - continuing operations (in Reais)</b>	<b>0.12889</b>	<b>0.14035</b>

There were no other transactions involving common shares or potential common shares between the reporting date and the date when these condensed individual and consolidated interim financial statements were concluded.

## 28 Gross sales revenue

Gross revenue and deductions used for the calculation of net revenue presented in the Company's statement of profit and loss for the three-months ended March 31, 2022 and 2021 were as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
<b>Recurring software</b>	<b>541,779</b>	<b>428,096</b>	<b>842,452</b>	<b>609,318</b>
<b>Nonrecurring software</b>	<b>129,478</b>	<b>99,713</b>	<b>176,062</b>	<b>149,599</b>
License fees	77,706	56,608	92,440	72,300
Nonrecurring services	51,772	43,105	83,622	77,299
<b>Credit product</b>	<b>-</b>	<b>-</b>	<b>86,098</b>	<b>57,703</b>
<b>Operating revenue</b>	<b>671,257</b>	<b>527,809</b>	<b>1,104,612</b>	<b>816,620</b>
Sales canceled	(4,692)	(8,945)	(7,843)	(11,417)
Sales taxes	(75,620)	(59,039)	(115,630)	(84,947)
<b>Deductions</b>	<b>(80,312)</b>	<b>(67,984)</b>	<b>(123,473)</b>	<b>(96,364)</b>
<b>Total net revenue</b>	<b>590,945</b>	<b>459,825</b>	<b>981,139</b>	<b>720,256</b>

## 29 Costs and expenses by nature

The Company and its subsidiaries present below the information on operating expenses and costs by nature for the three-months periods ended March 31, 2022 and 2021.

<b>Nature</b>	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
Salaries, benefits and payroll charges	257,427	206,482	406,802	301,512
Outsourced services and other inputs	114,188	88,408	221,016	138,341
Commissions	70,041	52,986	82,069	60,270
Depreciation and amortization	37,906	33,636	71,790	59,303
Provision for contingencies	10,611	9,013	11,407	9,128
Impairment loss on trade and other receivables	5,231	2,848	17,561	6,868
Other	14,422	7,247	47,159	16,112
<b>Total</b>	<b>509,826</b>	<b>400,620</b>	<b>857,804</b>	<b>591,534</b>

<b>Occupation</b>	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
Cost of softwares	181,362	149,535	270,950	204,188
Cost of credit products	-	-	39,860	17,544
Research and Development Expenses	111,667	85,513	176,569	126,359
Selling and Marketing Expenses	142,082	105,077	209,294	141,424
Administrative Expenses	72,464	62,636	137,498	104,070
Other Operating Expenses	2,251	(2,141)	23,633	(2,051)
<b>Total</b>	<b>509,826</b>	<b>400,620</b>	<b>857,804</b>	<b>591,534</b>

### 30 Finance income and expenses

Finance income and costs incurred for the three--months periods ended March 31, 2022 and 2021 were as follows:

	<b>Individual</b>		<b>Consolidated</b>	
	<b>3/31/2022</b>	<b>3/31/2021</b>	<b>3/31/2022</b>	<b>3/31/2021</b>
<b>Finance income</b>				
Short-term investment yield	47,450	2,582	75,465	4,473
Interest received	2,781	918	2,938	1,038
Inflation adjustment gains	1,492	721	1,764	900
Adjustment to present value	636	449	747	502
Foreign exchange gains	238	10	705	1,397
Other finance income (i)	(2,405)	(195)	(3,780)	(694)
	<b>50,192</b>	<b>4,485</b>	<b>77,839</b>	<b>7,616</b>
<b>Finance expenses</b>				
Interest expense	(48,262)	(2,736)	(50,434)	(3,143)
Inflation adjustment losses	(2,693)	(3,587)	(4,486)	(4,376)
Bank expenses	(912)	(1,176)	(1,111)	(1,388)
Adjustment to present value of liabilities	(7,548)	(159)	(17,087)	(5,036)
Foreign exchange losses	(92)	(157)	(3,021)	(648)
Other finance expenses (ii)	(109)	(55)	(2,496)	(1,662)
	<b>(59,616)</b>	<b>(7,870)</b>	<b>(78,635)</b>	<b>(16,253)</b>
<b>Net finance income (expenses)</b>	<b>(9,424)</b>	<b>(3,385)</b>	<b>(796)</b>	<b>(8,637)</b>

(i) Includes the amounts of PIS e COFINS on finance income.

(ii) Includes inflation adjustments of Argentine subsidiaries

### 31 Private pension plan – defined contribution

The Company and its subsidiaries offer the TOTVS Private Pension Plan, currently managed by Bradesco Seguros, which receives contributions from the employees and the Company and its subsidiaries, as described in the Program Membership Agreement. The three types of contribution are:

- Basic Contribution – corresponds to 2% of the employee's salary; in case of executive officers, the contribution ranges from 2% to 5%.
- Voluntary Contribution – made exclusively by employees, with no matching contribution by the Company.
- Company Contribution – corresponds to 100% of the basic contribution. The Company is allowed to make extraordinary contributions, at the amounts and frequency it chooses.

The private pension expenses for the three-months period ended March 31, 2022 was R\$2,211 (R\$1,548 as of March 31, 2021).

### 32 Insurance coverage

Based on the opinions of their advisors, the Company and its subsidiaries maintain insurance coverage at amounts deemed sufficient to cover risks on their own, rent and leased assets, and civil liability risks. Insured assets include owned and leased vehicles, and the buildings where the Company and its subsidiaries operate.

On March 31, 2022, the mainly insurance coverage contracted are:

Type	Insurance Company	Effective		Maximum limit of Responsibility
		From	To	
Business Comprehensive	Mitsui	July/2021	July/2022	R\$197,855
General Liability	Chubb Seguros	June/2021	June/2022	R\$8,000
Vehicles (i)	Porto Seguro	January/2022	January/2023	(*) FIPE
D&O Directors and Officers Liability (ii)	AIG Seguros	July/2021	July/2022	R\$100,000
E&O – Errors and Omissions	AIG Seguros	July/2021	July/2022	R\$5,000
Cyber - Comprehensive Cyber Risks (iii)	AXA	July/2021	July/2022	R\$3,000

(i) Market amount determined by FIPE - Fundação Instituto de Pesquisas Econômicas;

(ii) For Mexico, Argentina and United States operations, the local insurance policy is issued in each country with a coverage amount of USD1,000.

(iii) Exclusive cover for Tail subsidiary.

### 33 Subsequent events

#### Gesplan S.A. acquisition:

On April 02, 2022, was celebrated the share sale and purchase agreement, for acquisition of 100% of shares of capital from Gesplan S.A., by TOTVS Tecnologia em Software de Gestão Ltda., in the amount of R\$40 million. In addition, such agreement provides for the

payment of a complementary purchase price, subject to meeting performance targets established for GESPLAN concerning the years 2022 and 2023 besides the fulfillment of other conditions. Gesplan provides planning and financial management solutions that operate in the transactional environment in an integrated manner with ERPs, being worth highlighting its SaaS (Software as a Service) solution for integrated Treasury management (Cash & Treasury Management).

Techfin joint venture between TOTVS and Itaú

On April 12, 2022, the Company, as approved by its Board of Directors, entered into, on this date, an agreement to create a joint venture with Itaú Unibanco S.A., called TOTVS TECHFIN ("JV"), the purpose of which is to operate a digital platform of financial services for small and medium-sized companies by integrating a complete range of financial services. The Company and Itaú will each hold 50% of interest in said JV, in which it will have an initial contribution of R\$200 million by the Itaú.

Additionally, in the context of the JV creation, Itaú compromise to pay for TOTVS until R\$860 million by the JV shares, in which R\$410 million will be paid in cash, in the closing date of the transaction, and until R\$450 million to be paid after 5 years, as complementary price (Earn-out), upon the achievement of goals in line with the JV's growth and performance objectives. The closing of the Transaction depends on the approvals by the Brazilian Antitrust Agency (CADE) and the Central Bank of Brazil (BACEN), as well as the checking of other usual conditions for this type of transaction.

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